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COMMERCE

M A G A Z I N E

"Watchdog" of Defense Spending . .

TV, The Fireside Salesman

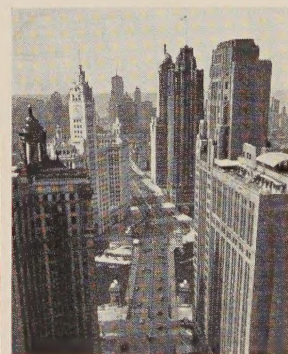
Aftosa Battle At Climax

Oil Prepared For Emergency

Greatest Need: More Production . .

NOVEMBER, 1950

35 CENTS

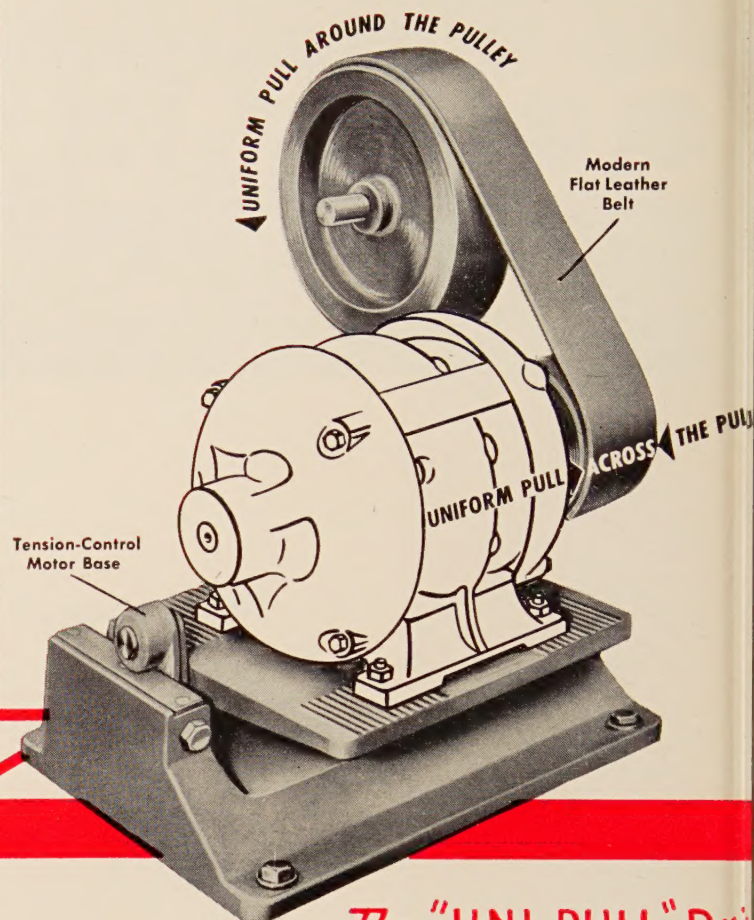


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MODERN

**Chicago
Belting**

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DESIGNED
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for**



The "UNI-PULL" Drive

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"Extra Years" of service life are built into Chicago Belting by experienced craftsmen using the most scientific and modern methods of belt construction. Besides longer belt life, less maintenance is assured with our "satisfaction guaranteed" nationally preferred leather belts.

Adaptable to ALL types of POWER TRANSMISSION DRIVES

CHICAGO BELTING COMPANY

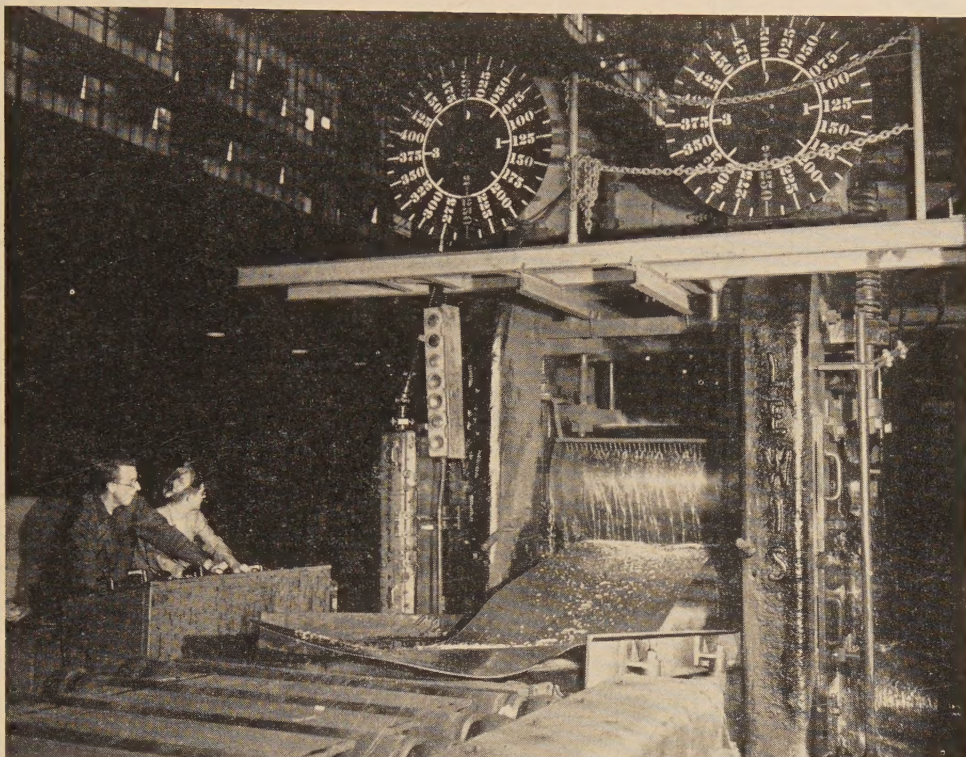
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GREEN & WASHINGTON STREETS, CHICAGO

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THE USE OF *GAS* IN BUSINESS

NO. 24 OF A SERIES



Spectacular scene showing a portion of the steel rolling process in the plant of the Ingersoll Steel & Disc Division, Borg-Warner Corporation, 1000 W. 120th Street, Chicago. Giant dials register the thickness of the strips being rolled from steel slabs which have been brought to a white heat by gas fuel.

For nearly 70 years, Ingersoll has been supplying discs to the farm implement industry. The Ingersoll disc is standard equipment on eight out of every ten farm disc tools in the United States, Canada and many foreign countries.

Working around the clock at its West Pullman plant, these discs come off the production line in an almost endless stream. Gas has proved a valuable asset in this process on account of its convenience, cleanliness, and ease of operation — all making for better working conditions.

1850

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1950

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STATISTICS OF CHICAGO BUSINESS

	September, 1950	August, 1950	September, 1949
Building permits	662	1,379	
Cost	\$16,419,600	\$28,293,000	\$12,519,900
Contracts awarded on building projects, Cook Co.	1,767	2,849	1,100
Cost	\$48,358,000	\$61,458,000	\$35,958,800
(F. W. Dodge Corp.)			
Real estate transfers	7,125	8,264	6,600
Consideration	\$5,680,187	\$7,025,472	\$6,601,100
Department store sales index	244.8*	215.8	240.0
(Federal Reserve Board)			
(Daily average 1935-39=100)			
Bank clearings	\$3,450,041,077	\$3,581,832,851	\$2,971,877,000
Bank debits to individual accounts:			
7th Federal Reserve District	\$18,468,217,000	\$18,680,900,000	\$14,907,331,000
Chicago only	\$9,187,896,000	\$9,029,623,000	\$7,450,864,000
(Federal Reserve Board)			
Midwest Stock Exchange transactions:			
Number of shares traded	1,393,000	1,419,000	551,000
Market value of shares traded	\$40,997,334	\$41,303,809	\$13,394,000
Railway express shipments, Chicago area	1,002,995	1,046,111	1,234,000
Air express shipments, Chicago area	58,798	58,857	52,500
L.C.L. merchandise cars	22,376	23,846	22,500
Electric power production, kwh.	1,067,346,000	1,096,897,000	958,635,000
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division	51,524,138	52,344,762	58,365,100
Rapid Transit division	11,637,734	12,137,362	12,628,800
Postal receipts	\$9,801,437	\$9,137,722	\$9,722,500
Air passengers:			
Arrivals	165,345	168,415	139,500
Departures	172,111	176,542	141,600
Consumers' Price Index (1935-39=100) ..	179.8	180.2	177.0
Livestock slaughtered under federal inspection	467,030	438,263	497,100
Families on relief rolls:			
Cook County	27,934	28,689	27,500
Other Illinois counties	17,506	17,750	18,000

*Preliminary figure.

DECEMBER, 1950, TAX CALENDAR

Date Due	Tax	Returnable to
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to	Authorized Depositor
15	Fourth quarterly installment of 1949 Federal Income Tax by Corporations and Fiduciaries	Collector of Internal Revenue
15	Illinois Retailers' Occupational Tax return and payment for month of November	Director of Revenue
31	Secure motor vehicle licenses for passenger cars and trucks for 1951	Secretary of State
31	Chicago concerns secure city vehicle licenses for 1951	City Collector
31	Federal Excise Tax return and payment due for November, 1950	Collector of Internal Revenue

COMMERCE

M A G A Z I N E

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In This Issue . . .

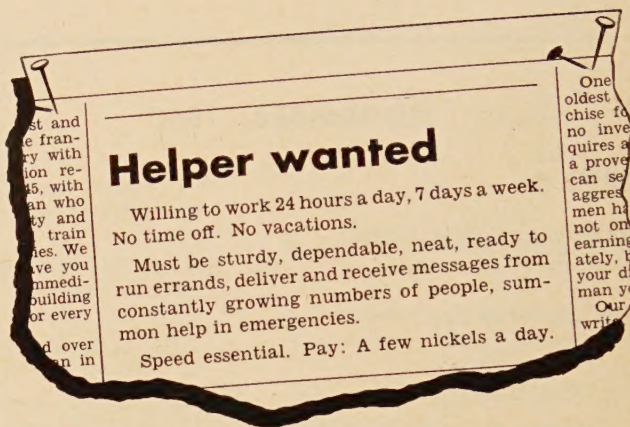
It is small wonder that the hottest thing in advertising these days is television. When given the magic stimulus of TV promotion, goods and services ranging from food slicers to charm school courses suddenly begin luring customers as never before. Car dealers, barely perceptible on automobile row, blossom into show business celebrities and, in the odd moments they are not before the TV cameras, sell perhaps five or ten times the number of cars they sold pre-TV. An insight into the colorful story that revolves around the electronic picture box in 8,000,000 homes and the TV-influenced buying habits in those homes is provided in a report (p. 16) by Betty Savesky.

What the American economy needs most today, believes Sumner Slichter, is more production. All other economic problems — including inflation controls — should be viewed, he feels, in relation to this paramount need for accelerated output. Corporation taxes, for example, should under no circumstances be so increased as to force industry to refrain from expanding plants and facilities. Mr. Slichter's detailed appraisal of major economic problems begins on page 13.

There is a new and important legislative group just getting into operation in Washington. It is the "Preparedness Subcommittee" of the Senate Armed Forces Committee; its job is to act as watchdog of the military expenditure program. The group is deliberately avoiding headlines, choosing instead to proceed quietly and in a business-like way to get the facts about war spending. COMMERCE Washington Correspondent Jack Robins introduces the committee in an article beginning on page 15.

One of history's worst out-breaks of the dreaded "hoof and mouth" disease has been ravaging Mexican cattle since the war. But — thanks to a long and costly two-nation battle — it has been held below the Rio Grande. A report on the battle (p. 18) is provided by Mitchell Gordon, who has just returned from Mexico City.

Here's the job!



Here's who got it!



Yes, your telephone does a big job at low cost. And we of Illinois Bell
are trying our best to make it do a better and faster job year after year.
We want your telephone service always to be worth more than it costs you.



ILLINOIS BELL TELEPHONE COMPANY

The Editor's Page

Wonderland Logic

VERY once in a great while humans in the normal conduct of their affairs insist on doing something straight out of the upside down world of Alice in Wonderland. Sometimes these departures have their humor; at other times not. An excess profits tax, which the President and Congress are determined to have, falls into the latter classification. Experts in and out of the Treasury find these faults with an excess profits tax.

1. It is impossible to arrive at a fair determination of each enterprise of what constitutes "excess" profits in either peace or war.

2. It promotes waste in every kind of cost from wages to expense accounts.

3. To the extent that it promotes waste, it promotes the very inflationary trends which it is intended to correct.

4. It penalizes the most ambitious, progressive companies and favors the static business.

Against these disadvantages, an excess profits tax has but three things in its favor:

1. It produces revenue.

2. It presumably achieves the worthy goal of taking abnormal profits out of war.

3. It plucks the goose comparatively painlessly, because it affects but few corporations. (Only one out of 60 businesses paid the tax during World War II.)

Beardsley Ruml, economist and vice chairman of the research and policy committee of the Committee for Economic Development, has summarized the pros and cons neatly, saying:

"There is no probability that an excess profits tax that will do more good than harm can be devised, and no plan which would meet sensible criteria for such a tax has ever been evolved." Without doubt the great majority of the tax experts would agree.

Nevertheless — in the tradition of Alice's Wonderland — we will no doubt wind up with an excess profits tax despite all the weight of logic and experience against it.

Dollar Doubts

UNTIL the start of the Korean war, the dollar held international recognition as the hardest of the hard currencies. Foreign nationals everywhere regarded it as the world's soundest money. Certainly they were glad to have all that they could get of it.

Recently there have been signs of modification of this attitude. Not long ago Camille Gutt, speaking at the annual meeting of the International Monetary Fund, referred to the need "to stabilize and preserve the purchasing power of all currencies, not excluding

the U. S. dollar." An editor of one of the London papers wrote of an "incipient flight from the dollar," evidently reflecting some of the thinking in that monetary nerve center.

These straws in the wind are, of course, suggestive of fears of long range possibilities rather than present circumstances. They constitute recognition of the rush for goods and the rapid drop in the dollar's value which followed the start of the Korean war. It so happened that the position of the major foreign currencies had been improving in dollar terms for some time prior to Korea. The buying rush at home, and the fact that a defense program would increase this country's need to import and reduce its ability to export, added materially to the firmness which was already present in foreign monies. It is altogether possible that observers abroad regarded the post-Korean run for goods in this country as an evidence of waning faith in the dollar's basic soundness. This was hardly the case, for the housewife who was buying up sheets last August was not concerned in the slightest with the value of the dollar.

Whatever the reasons, however, the warning is clear that faith in the dollar abroad is neither unlimited nor blind. Our inflation is progressing to the point where it is of international concern. This is simply another way of saying that whether we do or not, people abroad recognize two things: One, even the economy of the United States has limits to what it can produce; two, issuing dollars, whether for war needs, foreign gifts or domestic use, in excess of that capacity can produce nothing but can wreck the dollar.

"Meet the Boss"

RHINELANDER Paper Company of Rhinelander, Wis., has launched an ingenious campaign to inform its more than 1,000 employes about the customers who use the products they produce. The company manufactures special papers which are principally used in packaging consumer products. By means of pamphlets and customer product samples it is telling its workers how the papers they make are used by each customer. The consequences to the customer of imperfect production at Rhinelander are discussed, as is the nature of the competition the company has to meet to hold each customer.

Rhinelander Paper is to be congratulated on an idea which not only reemphasizes the identity of the real boss in the American economic system, but which should aid in the difficult problem of giving individual significance to the line production worker's job.

Alan Sturdy

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HERE-THERE and EVERYWHERE

● **Flying TV Cameras** — Television is about to be put to a new and fascinating use at Wright-Patterson Air Force Base in Dayton, Ohio, where TV cameras will soon replace test pilots in extra hazardous flight tests involving supersonic aircraft. The cameras, operated from the safety of the ground, are expected to collect performance data never before obtainable, because no human lives will be at stake. Although supersonic aircraft test pilots take plenty of risks, they have never been asked to send their planes to the limit of stress and speed. With TV, however, this will be possible. Radio waves from ground controls will guide planes in dives and loops while TV cameras inside the plane will be focused on the instrument panel transmitting data to screens on the ground.

● **Small Business Survey** — The B. F. Goodrich Company has made a study of the more than 2,000 companies which supplied it with goods and services last year, finding that about 70 per cent of these firms are "small" businesses. Goodrich for classification purposes decided that a firm with annual sales of less than \$5,000,000 or with fewer than 500 employees is "small."

● **Unpaid Civil Servants** — No one has ever calculated how much it costs American business firms to provide unpaid-for accounting service to the government. That service is provided, of course, in withholding income and old age benefit taxes at the source. The interesting thing, as Commerce Clearing House notes, is that not only the federal government, but state and local governments, have now begun to avail themselves of this highly useful, yet free, business service. Employers in Alabama, California,

New York, New Jersey and Rhode Island are obliged to withhold disability and unemployment insurance taxes; employers in Delaware and Oregon must deduct state income taxes and those in New York must deduct income taxes from wages paid non-residents. Down at the city level — employers in Philadelphia, Louisville, Columbus, Toledo, Youngstown and Dayton are required to withhold municipal income taxes.

● **Automobile Economy** — The 1950 edition of "Automobile Facts and Figures," the auto industry statistical bible, has just rolled off the presses offering still further evidence that a substantial share of the national economy revolves about the motor car. The handbook reports that one out of every six retail, wholesale and service firms in the country deals in automobile goods or services. In Wyoming, our most automobile-mined state, almost 30 per cent of all retail sales involve automobile business.

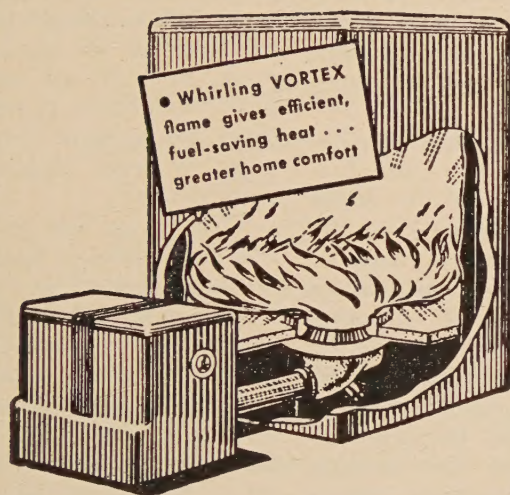
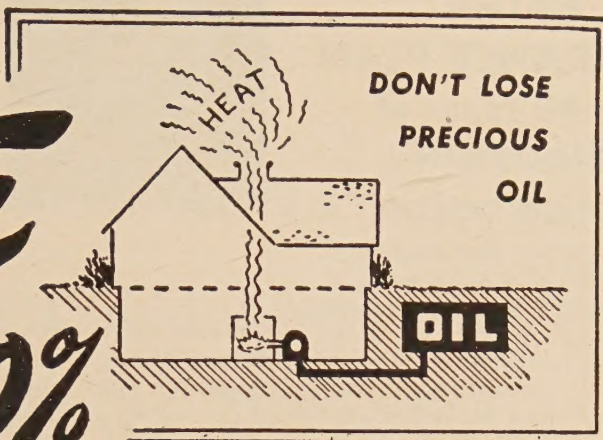
● **Huge Exhibit Planned** — Chicago will be the scene next Summer of one of the nation's five largest industrial shows when the fourth National Materials Handling Exposition holds forth in the International Amphitheatre from April 30 to May 4. The huge show will cover 10 acres extending from the indoor area to an open-air arena where gigantic yard-handling equipment will be demonstrated. Previously held in Cleveland and Philadelphia, the exhibit has been shifted to Chicago to provide a wider audience from Mid-west and Pacific coast industrial centers.

● **Everything Goes Up** — What with the rising cost of living, the DuPont Company has just dou-

(Continued on Page 34)

SAVE UP TO 30%

ON YOUR FUEL



with Iron Fireman Vortex Oil Burner

The Iron Fireman VORTEX burner saves oil by cutting down heat losses. Its whirling, bowl-shaped flame releases rich, radiant heat right *at grate line level*. Heat doesn't escape unused. The extra heat made available by the Iron Fireman VORTEX oil burner reduces your fuel bills as much as 30%. Enjoy top comfort with full economy!

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Trends in FINANCE and BUSINESS

Company Gifts Holding At Record '49 Level

Company gifts to charitable and educational institutions this year will just about equal the record donations of 1949, according to a survey of 201 manufacturers by the National Industrial Conference Board. The survey found, however, that because of the increasing number of charities many companies now favor pooled donations in order to reduce the burden of considering and making many independent gifts.

Gifts to local organizations, notably Community Chests and hospitals, still account for the major share of company donations, the survey disclosed. Among national organizations, the Red Cross remains the largest recipient of corporate gifts. Most companies expressed the view that their philanthropic responsibility is to communities in which they maintain plants or offices. Hence, many are shading donations in communities where only sales offices or warehouses are maintained.

Local hospitals continue to rank high on corporate donation lists, the survey found, "on grounds that improved medical facilities for the community are of direct benefit to their own employees."

« « » »

Farm Productivity Hiked 30 Per Cent From Pre-War

For an example of sharply increased productivity, consider the average American farm. There are few industries anywhere which can match the performance by which the nation's farmers — with very nearly the same acreage as a decade ago and about 13 per cent fewer workers — have nevertheless hiked their output by over 30 per cent. Recent estimates of the Department of

Agriculture indicate the extent to which this improved productivity has increased our national output of specific crops.

The output per acre of corn for the 1948 to 1950 period is estimated at 39.9 bushels, a rise of 35 per cent from the 1939-41 level of 29.6 bushels. Potato output per acre has soared 67 per cent in the same period, from 129 to 216 bushels per acre. Wheat production per acre has jumped 20 per cent; cotton production, 19 per cent; and soybean production, 17 per cent. Most other major farm crops reflect, in more or lesser degree, this same pattern.

This rise is due to a variety of reasons: extensive farm mechanization, accelerated scientific research, improved fertilizers and insecticides, and better farm implements. It bears noting, however, that it was primarily capital investment that made this rise in productivity possible. American farmers — encouraged by their government somewhat more than business has been to invest in plant and tools — have increased their dollar stake in machinery and motor vehicles a full 400 per cent since pre-war.

« « » »

Dads! Here's What's Coming Xmas Morning

You would have to look long and diligently these days to find a toy manufacturer whose business isn't booming. With the juvenile population swollen 40 per cent over pre-war levels and still climbing, the toy makers are looking for another whopping Christmas season that should send almost a third of a billion dollars worth (manufacturers' value) of playthings over sales counters. And, by no means content to depend only on the increased juvenile

(Continued on page 38)

CAN YOU USE HELP

In Relating Your Business

To NATIONAL DEFENSE?

The Chicago Association of Commerce and Industry is daily answering scores of questions from its members concerning:

Government Contracting

Selective Service Deferments

Reserve Deferments

Plant Protection

Production Regulations

Price Control

Transportation Regulations

International Trade Controls

Renegotiation

Credit Controls

On these and related problems the Association has extensive information and is equipped to give comprehensive help. Texts of many governmental orders are available upon request.

For help, telephone, write or visit Association headquarters.

THE CHICAGO ASSOCIATION OF COMMERCE
AND INDUSTRY

One North LaSalle Street

FRanklin 2-7700



Today's Greatest Need: More Production!

By Sumner H. Slichter

Here Is A Formula For Meeting Both Military And Civilian Demands: A Five-Year, 25 Per Cent Increase In Production

THE economy is engaged in a production contest with Russia that will last for an indefinite period — perhaps five years, perhaps ten years, or even longer. The contest is having the immediate effect of causing the United States to raise its expenditures on defense and foreign military aid in the next year to about \$30 billion a year — about double the amount planned before the Korean War.

No one knows how much will have to be spent on defense and foreign military aid two or three years from now. The projected increase in the armed forces to 3,000,000 men may turn out to be too small. Furthermore, the development of new weapons and improved military equipment may require large increases in the outlays for defense. Thus, it is important that the country substantially increase its productive capacity. Otherwise every increase in military expenditures will force reductions in the standard of living of the people.

Consequently, the number one economic problem confronting the United States today is how to accelerate the rise in productive capacity. The normal increase in the

productive capacity of the country is around 3.5 per cent per year, or about 19 per cent in five years. During the next five years the United States should plan to increase its productive capacity by well over 19 per cent — say about 25 per cent.

Price Rises

The great increase in the demand for goods for defense and foreign military aid, coming at a time of high employment, is likely to bring about an increase in the general level of prices. Although the consumer price index has risen less than two per cent since the outbreak of the Korean War, wholesale prices have increased nearly eight per cent in the last three months. Unless steps are taken to retard the rise in prices, it is likely to be quite substantial. Consequently, the second problem of the defense economy is how to keep the rise in the price level as moderate

as possible. It would be a mistake, however, to control the rise in prices in ways that prevented substantial and continuous expansion of plant and equipment. The problem of controlling inflation is definitely subordinate to the problem of maintaining a substantial rate of increase in plant and equipment.

Some rise in the general price level is probably inevitable in spite of the best efforts that can be made to limit the advance. A rise in the general price level is bound to create many inequities. The incomes of unincorporated businesses and of organized workers are likely to rise much more promptly than the incomes of millions of unorganized employees. Furthermore, the rise in prices will diminish the purchasing power of many billions of assets represented by savings bank deposits, bonds, and life insurance policies. The third major problem of a defense economy, therefore, is how to keep the inequities produced by the rise in prices to a minimum.

Increasing productive capacity at more than the normal rate requires (1) an acceleration of technological research; (2) prevention of a drop in the proportion of civilian population of working age who are in

SPEECH OF THE MONTH

← "Controlling inflation is definitely subordinate to increasing plants and equipment."
Ewing Galloway

Made before the National Savings and Loan League, October 16, 1950.

the labor force and at work; (3) maintenance of a high rate of expenditures on plant and equipment.

Several conditions in the defense economy tend to encourage technological research. The shortage of materials is one. The necessity of making new kinds of goods and meeting new kinds of specifications and standards is another. The large expansion of government-supported military research yields important by-products of new knowledge to industry. The principal limit on the ability of business concerns to expand technological research is likely to be the number of qualified research workers. Hence, it is of vital importance that neither the draft nor universal military training shall limit the training of young scientists.

Larger Labor Force

Since the number of men in military service is being increased by about 1.5 million and a substantial increase is being made in the number of civilian employees of the armed services, the ratio of the civilian labor force to population of working age can be maintained only by an increase of well over 1,500,000 in the civilian labor force. The possibility of achieving such an increase in the labor force within the next year is fairly good. It can be done partly by increasing the proportion of women of working age in the labor force and partly by increasing the proportion of workers of 65 years of age or more in the labor force.

If the proportion of women of working age in the labor force were raised by two per cent, the increase in the labor force would be about 1,100,000. If the proportion of males of 65 years of age or more in the labor force were raised from 45 per cent to 50 per cent, the labor force would be increased by about 200,000 to 300,000.

In the second quarter of 1950, expenditures on industrial plant and equipment were running at the annual rate of about \$30 billion. Outlay on producers' durable goods was at the annual rate of about \$21.6 billion and on private industrial construction at a little more than \$8.0 billion. A reasonable target for the next year or so would be a continuation of the expenditures on private industrial plant and equipment at \$30 billion

a year — in terms of middle-of-1950 prices. By 1952 the expenditures on industrial plant and equipment should rise above the present rate.

During the second half of 1950 outlays on plant and equipment will be above the annual rate of \$30 billion. It will not be easy to prevent these expenditures from dropping below the \$30 billion rate after the government orders for tanks, guns, planes, ships and other types of goods made by the construction and durable goods industries are in production. During the year 1951, the output of military construction and of military goods made by the durable goods industries (including durable goods for foreign military aid) will probably be at least \$11 billion to \$12 billion above the output planned before the Korean War. If the output of plant and equipment for private industry is not to be reduced, the increased production of military construction and of durable military goods will have to be accomplished (1) by increasing the total output of the construction and durable goods industries and (2) by reducing the production of housing, non-military public construction, and durable consumer goods — since the military construction and durable military goods must, of course, be produced by the construction and durable goods industries.

In the second quarter of 1950, the total output of the construction and durable goods industries was running at the annual rate of about

\$79.9 billion. During the year 1951 the total output of the construction and the durable goods industries could probably be increased by between 5 to 10 per cent above the second quarter of 1950 — say about 7.5 per cent or \$6.0 billion. The principal limiting condition would probably be the supply of certain raw materials, such as steel. If the total output of the durable goods and construction industries increased by \$6 billion and the increase in the consumption of military durable goods and construction were \$11 billion, the maintenance of outlays of \$30 billion on industrial plant and construction would require a reduction of about \$5 billion in the output of durable consumer goods, residential construction, and public non-industrial construction. This is not a large cut. Of course, if strikes or other causes were to limit the output of durable goods and construction, the maintenance of expenditures on industrial plant and equipment would require larger cuts in outlays on durable consumer goods, residential building, and public non-military construction.

Allocation Dangers

Cutbacks in the consumption of durable consumer goods, residential construction, and non-military public construction might seem easy to accomplish. But the rise in personal incomes will make the task far from easy. In August 1950, for example, personal incomes were running about \$9 billion above May 1950. Some reductions in outlays of consumer durable goods and housing can be accomplished by allocations and priorities, which limit the materials available for making consumer durable goods, housing, and civilian public construction. The danger is that allocations and priorities will be too narrowly limited to military goods, and will give little or no precedence to expenditures on industrial plant and equipment over expenditures on housing, durable consumer goods, and public civilian construction. The best opportunity to limit expenditures on housing and durable consumer goods is through the control of the use of credit for these purposes.

What are the possibilities of controlling the rise in prices and how
(Continued on page 23)



Dr. Sumner H. Slichter, Harvard University



As mobilization program gathers momentum, World War II pattern of congressional investigation also reappears

New Defense Spending 'Watchdog'

LATE in September the Senate "preparedness committee" called in officials of the National Lead Company to an executive hearing on supply and price problems connected with antimony. A metal used chiefly in battery plates, antimony is one of the items on the national stockpile list. The preparedness group, set up as a subcommittee of the Senate Armed Services committee to be a watchdog of the mobilization program, had watched antimony climb in price from 24 cents a pound before Korea to 32 cents.

Although the testimony was not made public, Senators reported afterwards that National Lead's president, J. A. Martino, had given a satisfactory explanation of the rise in price (they learned that it had been 38 cents about a year back) and had shown how the price of antimony is directly connected with the production in Mexico. A certain price is necessary to induce certain volume of production. This small incident illustrated

Senate "Preparedness Committee" Activated

By JACK ROBINS

several things about the preparedness committee. It showed the committee's interest in price trends and the prevention of profiteering—its interest in forestalling inflation in the cost of articles which the Defense Department must buy to build the nation's armed strength to the levels required by our new concepts of security.

Avoiding Headlines

It illustrated also a willingness to talk things over in private, to get the facts, without plunging into public hearings and newspaper headlines on the basis of partial or unexplained information.

The members demonstrated an open-mindedness on the subject. They indicated they were capable of accepting a reasonable explana-

tion backed by full information and statistics.

For businessmen, it held an additional object lesson. National Lead threw open to the committee all the factual information for which it asked. Had it chosen to resist investigation, unquestionably the committee would have been much harder to convince even after the facts were brought out; instead, the members complimented the company for its cooperative attitude.

As the mobilization program gathers momentum, so soon after the last national mobilization, many of the patterns of the 1940-42 era are being repeated. One of them is the pattern of congressional investigation.

The Senate preparedness commit-

(Continued on page 28)

TV, The Fireside Salesman, Charms Advertising Row

Despite Fall Rate Hikes, Sponsors Are Begging For Video Time, But Find It Scarcer Than Ever

By BETTY SAVESKY

ONE Sunday night last February the Garroway-At-Large network television program departed from its pleasantly non-commercialized format to extoll the products of a newly signed sponsor, Congoleum Nairn, Inc. To the star of the show, Dave Garroway, television's apostle of easy-going showmanship, it was almost like old home week introducing, as Garroway put it, "my old pal Congowall."

Anything but a professional pitchman, Garroway handled the commercials in the manner of a subur-

banite displaying a new gardening tool to his neighbor over the back fence. But to millions of TV fans, his low pressure salesmanship had the magnetic appeal that advertising vice presidents dream about.

By 8:30 next morning Congoleum Nairn's Chicago switchboard was a-twinkle with calls from housewives wanting to know where they could buy the Garroway-promoted floor and wall coverings. This selling phenomenon has been repeated after each weekly show. Although Congoleum Nairn keeps secret the exact increase in sales since it ventured into TV, officials describe the results as "very pleasing," which is probably an understatement.

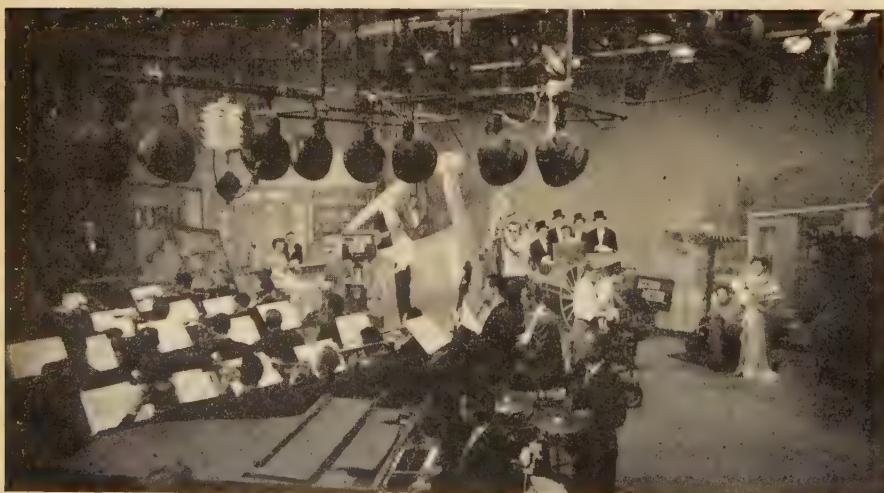
Sales Successes

Garroway's ultra-low-pressure merchandising, plus hundreds of cases of equally effective high pressure TV huckstering, comprise the chapters in an almost unbelievable success story of TV advertising. So successful have the majority of advertisers been on television that a mad scramble is now on to buy good video time, which in turn has made this time a singularly scarce commodity.

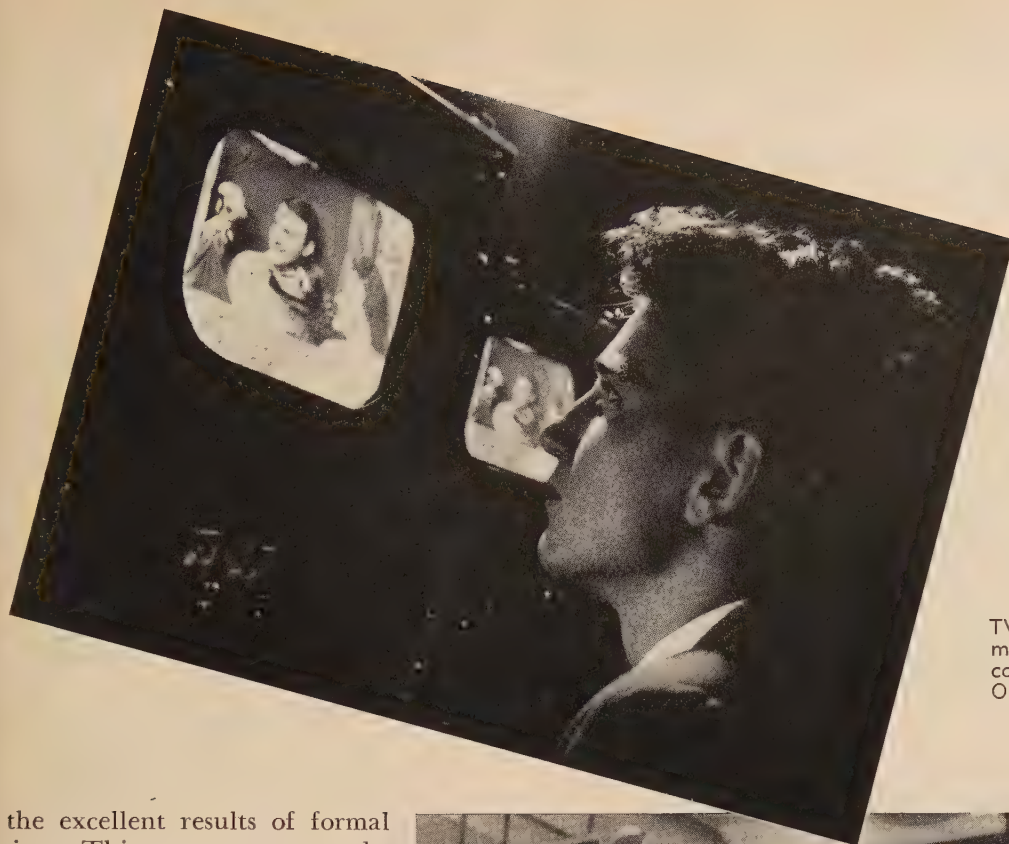
Although stations have been lengthening their telecasting hours to include before noon and after midnight hours, many are still forced to turn down accounts only for lack of time. The battle for choice time has found advertising agencies from New York to Chicago and points West vying for anything down to a 10-second spot during station breaks. Consider, for example, this brisk bit of psychological warfare. A Chicago charm school recently sponsored as a one-time program a feature film with live commercial breaks during which eye-filling graduates of the school paraded about, presumably display-



Hour variety show heads Chicago Car Dealer Jim Moran's weekly \$8,500 TV outlay



Dave Garroway, framed by center prop, presides capably over Sunday NBC show



TV technician scans battery of monitors on NBC network, Chicago originated Kukla, Fran & Ollie show

ing the excellent results of formal training. This one program, telecast late in the evening, drew 300 inquiries from charm-seeking young women, but the response, though far exceeding expectations, has been kept a dark secret. The reason is that the school is bargaining with the station for a "better" spot in the schedule, arguing that the late hour program didn't sell. Advertising men are greying at the temples faster than ever as a result of such scraps.

8,000,000 Sets

The surge of advertisers to television is not hard to explain. The number of sets in use has zoomed to approximately 8,000,000, twice the number in use last January. New York alone has over 1,500,000 sets; Chicago around 600,000. Meanwhile, the quality of programs offered by the nation's 107 TV stations in 65 cities has improved tremendously.

Third, and most important, is the gratifying jingle of cash in the pockets of pioneering TV sponsors. As Arthur C. Nielsen, the professional pollster who rates both radio and TV programs for their audience pull, summed up the case for TV advertising recently, "The potential is so great that this medium deserves an immediate or early spot in an advertising budget — even if



Unseen, but not unsung, TV sparkplug — the camera man

it has to be viewed as a capital expenditure."

Legions of advertisers obviously agree with Mr. Nielsen for even substantial TV rate increases have not dulled the enthusiasm of old and new sponsors. The networks—Du Mont, NBC, CBS and ABC—have signed 180 major national advertisers, compared with only 59 a year ago. Close to 800 others will use TV spot commercials, more than twice as many as last September. All this network advertising will add up to \$50,000,000 expended by sponsors this year on time alone, more than double the cash outlay of last year.

Nor is local TV time in any less demand. The roster of local sponsors numbers around 3,700. By reshuffling schedules and lengthening hours, Chicago stations have managed to create a few new time spots for local sponsors, but in many cases these spots are limited to whirlwind 20 second station break announcements.

Courteous Jim Moran

Local advertisers have done exceedingly well on TV throughout the country. The case history of Jim Moran, Chicago's car dealer turned television impresario, pro-

(Continued on page 43)

Long Battle Against Hoof & Mouth Reaches Climax

**U. S. Spends \$118,000,000 To Check
Spread of Cattle Blight in Mexico**

By MITCHELL GORDON



Heavily-patrolled barbed wire fence from Gulf of Mexico to Pan American Highway holds animals within infected zone

THE nation's Western cattle country, where high-stakes gambling has long been routine stuff, is awaiting uneasily the results of the biggest and possibly the most dramatic wager in its history. At stake is no less than \$118,000,000 of taxpayers' money which has been anted into a gigantic, four-year battle against hoof-and-mouth disease, the dreaded cattle killer that may yet rob American dining tables of millions of dollars worth of beefsteak. And, like other colorful poker games, the whole \$118,000,000 may

be suddenly lost, now that the cards are about to be shown.

The background to this costly gamble goes back to 1946 when hoof-and-mouth, a plague that only Australia and North America have ever before conquered, wormed back into Mexico with a shipment of Brazilian bulls, and promptly began threatening our own border. The highly contagious disease, known in Mexico as "aftosa," was positively identified December 26, 1946. Within six weeks it had swept over an area almost as large

as Texas breeding death and terror. Had the blighted area not been quarantined by alert Mexican and American officials, chances are the disease would have engulfed all of North America, leaving little hope that it could ever be beaten back at any cost.

To quarantine the vast area, barbed wire was strung over mountains and through jungles from one coast to another. Mexican soldiers were posted the length of the fence to prevent anyone or anything from leaving the area without being disinfected. Infected animals within the zone were immediately slaughtered, buried in deep trenches and covered with lime to keep rodents and insects from bringing the disease out of the ground again.

So many animals were struck



Mexican veterinarian administers hoof-and-mouth vaccine



Everything leaving blighted area must be disinfected

own by the disease during the first seven months that the Mexican-American organization fighting the epidemic had to slaughter close to a million animals, half of them pigs, sheep and goats, the rest cattle. As the disease raced on, resistance from Mexican farmers began mounting even though they were paid \$49.79 per head of cattle killed and \$5.67 per head of sheep, goat or swine. To farmers the campaign was a "Yankee plot" and they began hiding their animals from inspectors. Newspaper headlines shrieked after each big-scale slaughter: "Sanitary Rifles Sound Again." Many Mexicans decided by the Fall of 1947 that the time for violent resistance had come.

Tempers Flare

Before the end of the year, five aftosa fighters — three soldiers and two veterinarians — were shot to death by rebelling Mexicans. Hardly a month later, a band of 400 Mexicans attacked a train in an effort to obtain arms for a more widespread resistance. Tempers flared and revolution threatened. Meanwhile, one cattle expert warned that Mexico would have to kill at least 5,000,000 animals before there could be any hope of licking aftosa.

With tension steadily mounting, the Mexican government finally informed the United States, which helped finance and staff the two-nation organization fighting the disease, that the slaughter campaign would have to be called off. The argument: Mexico would sooner "live" with the disease than threaten itself with national bank-

ruptcy trying to kill it off. This was the low point in the two-nation battle against the cattle plague.

Though deeply concerned with the welfare of a neighbor, the United States was even more concerned about its own cattle industry. When the disease was first reported in Mexico, the government had established a strict quarantine across the 1,900 miles of Mexican frontier. Border patrolmen had orders to kill any animal that wandered across the Rio Grande. But could the United States avoid hoof-and-mouth indefinitely if the Mexicans gave up the fight? As an official of the Bureau of Animal Industry put it, "If the disease ever gets into the U. S. and gets a permanent foothold here, it may easily cost us \$100,000,000 a year to live with it."

Uncle Sam had experienced the disease before — in relatively small

doses. Of seven outbreaks since 1900, the most recent was beaten back in 1929. Although none was nearly as bad as Mexico's, an outbreak from 1914 to 1916 forced the slaughter of 176,000 animals and cost the nation \$9,000,000.

Quarantine Program

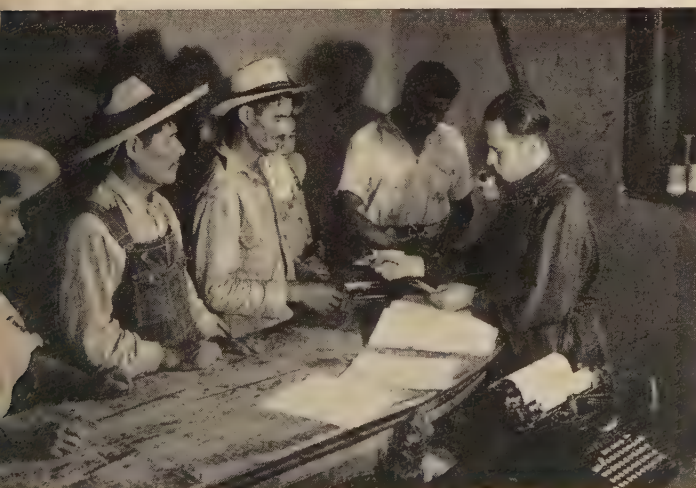
Expensive slaughtering of infected animals had been the only method that ever succeeded in wiping out the disease. Thus, when the Mexican government refused to allow the slaughter to continue, it presented a serious problem. At this crucial point, American field commanders fighting the disease decided to continue to quarantine the area. In addition, they decided to go inside and vaccinate every cloven-hoofed animal in the area over and over again to protect them.

When they were convinced the

(Continued on page 37)



It's lonely work for livestock inspectors who work by pack train in isolated areas for weeks at a time



Mexican farmers receiving cash indemnities (left) for their cattle (right) slaughtered in the hoof-and-mouth battle

Congressional Attention Focused On New Peat Research

Bill Approving Development Program Pending

By R. M. WINTERS



Researchers determine practicality of using peat for power generation

cal changes, but which still contains most of the carbon and chemicals of the original vegetable matter. (In coal, which is older by several million years, this same vegetable matter has been roasted and packed into a solid mineral.) About 15½ billion tons of peat are estimated to be scattered across the United States, with major deposits in Minnesota, Florida, Colorado, Michigan, Pennsylvania and Wisconsin. Among other things which have engaged the attention of present day scientists are these two little-known facts: first, hydrogen—component of the “H-bomb”—can be obtained from peat and, second, peat deposits often have the odd habit of turning up close to radium and uranium deposits.

What little peat is now used in this country is sprinkled on gardens and lawns as fertilizer. Until recently, few U. S. scientists had regarded it as a potential fuel for power generation. But in Russia and several other European countries it has been used for this purpose for several decades. As early as 1933, about 30 per cent of Russia's power stations were burning peat; the percentage is probably much higher now.

Comparative Costs

Among the authorities who testified before the House public lands committee on the research bill was Dr. Derso Shybekay, a Hungarian-born industrial engineer, who told in detail how a 25,000 kilowatt generating plant using peat could be built. Such a plant, he said, could also make a number of by-products, including plastics, alcohol,

fibers, paper and insulating material.

Another expert, Swiss-born engineer Leopold Pistner, who for 30 years has specialized in the construction of steam generating stations using low grade fuels, told the committee that the five billion tons of peat buried on government land in Minnesota could generate power at the rate of 12 million kilowatts for 50 years. This output exceeds the combined power, electrical, lighting and industrial loads now required in the state.

Power Generation

Furthermore, experts told the committee, peat would be cheaper than coal in a state like Minnesota. To support their argument, they presented these calculations: Peat can be mined, dried and delivered to a power plant at about \$1.65 a ton. On the basis of a heating value averaging 5,000 BTU per pound, this is equivalent to approximately six million BTU per dollar. In comparison, Eastern bituminous coal averaging about 13,000 BTU per pound is now delivered in Minnesota at as high as \$12.50 per ton or two million BTU per dollar. With six million BTU available per dollar if peat is used, it would thus be possible to generate a kilowatt hour of power for about one-quarter cent. Using bituminous coal—at a delivered cost of two million BTU per dollar and the same power generation ratio of 15,000 BTU per kilowatt—it would cost approximately three-fourths cent per kilowatt hour. This, the experts concluded, points

AMERICA'S stepped-up defense program has focused renewed attention upon the possibility of using peat—that underdeveloped, grand nephew of coal—for electric power generation. After bobbing in and out of scientific discussion for generations, peat has now become the subject of a Congressional investigation which may result in a concerted effort to utilize this “immature” fuel resource.

Despite its limitations, peat has a number of points in its favor. Enough, at least, to convince a panel of experts who testified before a Congressional committee recently that the government should undertake a major peat research program. A bill calling for such a program is pending in Congress.

Essentially, peat is semi-decomposed vegetable matter which has undergone chemical and mechani-

(Continued on page 33)

By

JOHN W. BOATWRIGHT

Standard Oil Company of Indiana



Trade spokesman declares

OIL INDUSTRY PREPARED FOR EMERGENCY DEMAND

Forecasts ample heating fuel, gasoline without rationing

WILL the petroleum industry be able to meet total military requirements of aviation gasoline? Will it be able to heat the homes of civilians and meet civilian demands for gasoline without rationing? Is there a protective margin so that it can meet the petroleum needs of a stepped up mobilization economy? The answer to all of these questions at this time is yes.

Competition has been and still is intense among oil companies. The industry is ready to meet demands considerably above the peak requirements during the past war or above those prevailing in recent months which are considerably higher. This position has been established by the record of the past 10 years. The beneficial aspects of

competition among oil companies go back much further, but the past decade has offered abundant opportunities to illustrate the theme that competition builds strength.

In 1941, total demand for crude and products averaged 4,071,000 barrels per day. This was 800,000 barrels per day below what the industry could have produced. This surplus had been created by the individual actions of the members of the industry as each sought to fortify its own position in production, transportation, refining and marketing. This excess capacity was the safety factor that gave assurance at the start of World War II that the industry would be able to meet the needs of the military forces and those of our allies without too drastic a cut in civilian consumption.

During the war, petroleum expansion activity was restricted to make available additional vital material for war purposes. Petroleum requirements mounted as our war activities were intensified. The industry's surplus was absorbed. Rationing of civilian supplies became necessary and expansion of the civilian market was delayed. Through the utmost effort of the industry, plus curtailed civilian consumption, the needs of the armed services were met in their entirety. Fortunately for the consumer, he experienced a minimum of sacrifice because of the surplus condition that had been created by the competitive interplay among the individual units of the industry. I am confident that if the industry had been subjected to socialistic control, we would not have been as well prepared.

War Experience

Rationing petroleum products did not alter the consumer's desire for the comforts and conveniences derived from petroleum. These desires were merely deferred until the war ended. Fortunately, rationing of petroleum products was one of the first restrictions to be removed. Long-postponed vacation trips in the family car became a reality. New segments of the population bought cars. Long-desired automatic heat in the home became a reality. New machinery was secured for farms to increase production and enable us to feed more millions. Diesel efficiencies, established just before and during the war, resulted in this mode of power growing so rapidly that to all practical purposes a new industry was built. The postwar realization of these market changes resulted in a growth of demand for petroleum unprecedented in our history. From 1941 to 1950 the demand for petroleum products increased 59 per cent (from 1,485,779,000 to 2,360,820,000 barrels), although industrial production rose

only 23 per cent and the population increased but 14 per cent.

This growth has not ended. There are vast new potentials opening up an ever-broadening market. Future expansion of substantial magnitude appears reasonably assured.

Rather than forecast the future, however, I would prefer to call attention to the fact that the ten-year growth in demand for petroleum products has taken place largely in the last five years, and the industry had to achieve at least a parallel growth. Consider the problems faced in building the industry. Exploration for new crude supplies had to be stepped up feverishly. Drilling activity had to reach new highs, greatly expanded refinery capacity had to be provided, and new pipe lines had to be constructed. New markets had been created by shifts of population that required new distribution facilities. New financial resources had to be brought into the picture to supplement plowed-back earnings. These additional quantities of petroleum were made available at prices that did not appreciate as much as prices generally. Competition saw to that. Each member of the industry knew that to stand still was to fall back. The race would go to the strong.

The race was not alone one for greater quantities. It was one of quality as well. Early advertisements following the war announced that aviation gasoline components would again be included in motor gasoline. The anti-knock characteristics of gasoline have been improved again and again. The stamina and lubricating qualities of motor oil were improved.

Competitive Drive

Why were these quality improvements introduced and why were these expensive additional facilities constructed during a period when the market was expanding so rapidly that the oil industry was straining to meet total needs? The answer is clear. Our industry had returned from a war-regimented status to a highly competitive economy. Every member of the management function knew that he would have to keep his company at least abreast of his competitor's expansion. He did not know how far that expansion was going, but he



Extensive exploration has increased crude reserves despite heavy demands

did know that in the competitive race, the laggard would probably lose all.

Nine billions of dollars have been invested since the end of the war. Untold manpower and material have been poured into securing supplies. Here are some of the results achieved:

Crude Reserves

The American Petroleum Institute crude reserve committee estimated proved reserves as of January 1, 1942, at 19,589,296,000 barrels. The Jan. 1, 1950, estimate was 24,649,489,000 barrels. The industry increased proved reserves by more than five billion barrels notwithstanding the greatly increased output.

Crude production in 1941 averaged 3,842,000 barrels daily. During the latest six weeks for which data are available, it has averaged 5,748,433 barrels daily. Production could be increased even over present levels as the maximum efficient rate of production of present wells is estimated at 6,540,000 barrels daily. Here is the reappearance of the production cushion, even over the greatly expanded demand, which existed before the last war.

Refining has likewise experienced an unusual growth. At the close of 1941, the reported refinery capacity was 4,956,599 barrels daily. Refinery operating levels during the past four weeks have averaged 6,011,000 barrels daily, while the capacity by the end of this year is estimated at approximately 6,800,000 barrels daily. Refining continues to offer the in-

surance of unused capacity that can be brought into being if civilian or military demand requires.

The transportation segment of the industry is in a constant state of adjustment to requirements. Additional crude pipe lines and product pipe lines have been built and the capacity of existing lines has been tremendously expanded. If a sudden greatly increased load is thrown on the industry, additional transportation facilities will be needed, and I am confident they will be made available.

Protection Margin

Our marketing facilities are readily adaptable to demand requirements. There will be additional adjustments made here and there, but these will be orderly as dictated by local community needs.

The oil industry under the five-year postwar intensive competitive drive for individual advantage has again built a margin of protection for the consumer. Recent decisions in Washington indicate a desire to cooperate and assist the industry in all possible ways rather than establish controls over the details of its operation. Thus, consumers may receive the continued benefits of a competitive industry even during a period of limited war or large mobilization.

There are two important questions in the minds of a great many Americans: "How much am I likely to find it necessary to curtail my gasoline consumption in the light of limited wars or greater preparedness?" and "How much will I have to curtail my consumption of burning oils to meet the requirements of the military forces?"

If you were to look at a chart showing the growth of domestic gasoline demand and production in this country since 1941, you would note that, despite an upsweep of consumer requirements, the industry has built higher and higher stocks to stand ready to meet these requirements. You would also notice that there is an unused capacity that can be brought into existence if need be to meet a substantial increment of demand if it originates from military sources or further growth of the civilian economy.

That is the picture at present. At this time, I do not foresee the

(Continued on page 40)

Today's Need: More Production

(Continued from page 14)

Can control of the price level be best accomplished? The imposition of ceilings on prices should, in general, be avoided — though some direct control of wages may be unavoidable. There are three principal objections to ceilings on prices. One is that they interfere with production because they cause shortages at many points. A second is that they cause wasteful use of resources because they prevent industry from making goods of the kind and quality that the market demands. The ceilings are bound to make the production of some articles or of some qualities more profitable than others. Enterprises, quite naturally, will concentrate on producing the kind of goods that yield the largest profits. But when prices are limited by ceilings, the kind of goods which are in greatest demand may not be the kind of goods that are most profitable to produce. Finally, price ceilings limit the expansion of productive capacity at the very points where expansion is most needed.

Price Controls?

In the industries where the output of goods is smallest in relation to the demand for them, profits tend to be abnormally large. But price ceilings tend to prevent abnormally large profits. Hence, price ceilings are likely to limit the incentive and the ability to expand productive capacity most severely in those industries where output is smallest in relation to demands and where the need for more productive capacity is greatest. Price ceilings would be particularly inappropriate in a long-run production contest which may last for years and in which the United States must win by rapidly expanding its output.

Can prices be effectively controlled by the use of indirect controls, less government spending, higher taxes, stricter terms of credit, and stronger inducements to save?

As a matter of fact, there is no possibility that indirect controls will be applied drastically enough to prevent at least a moderate rise in prices. One reason is that indirect controls are unpopular among

large and influential groups in the community. Most of us do not like higher taxes, particularly taxes on spending. Many consumers and business groups do not like stricter credit terms for real estate loans or loans for the buying of durable consumer goods. The Treasury does not like to offer lenders the interest rates or other conditions that would make lending large amounts to the government really

attractive. Consequently, indirect controls will be used only with moderation.

Nevertheless, indirect controls can do much to keep the rise in prices moderate. But if the wrong kind of indirect controls is used, the measures that limit the rise in prices will also limit expenditures on industrial plant and equipment. The current program of indirect measures for discouraging the rise in prices consists of seven principal parts that are in operation or have been promised: (1) reductions in non-military expenditures of the

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government; (2) an increase in the corporate income tax; (3) a proposed excess profits tax; (4) an increase in the personal income tax; (5) restrictions on the use of bank credit in industry; (6) stiffer terms of real estate credit; and (7) stiffer terms of consumer credit.

Federal Economy

At a time when everyone needs to reduce expenditures in order to release productive capacity for the output of military goods and for increasing the country's productive capacity, the government needs to set a good example by reducing its own outlays. The strong demand for goods and labor should greatly reduce the outlay of the government on the support of agricultural prices, on unemployment compensation, and on old-age assistance. Many expenditures that would compete with the output of military goods or the increase in productive capacity of the country can be delayed. Indeed, shortage of materials will probably compel delay in some of these expenditures.

The increase in the corporate in-

come tax, under present conditions, will be passed on fairly soon in the form of higher prices. This is fortunate. It would be most unjust to impose this special tax upon the stockholders of corporations. Furthermore, it would be contrary to the national interests to reduce the ability of corporations to expand plant and equipment by imposing a special tax on their profits. The increase in the corporate income tax, therefore, will contribute somewhat to increasing prices.

One is handicapped in commenting on the excess profits tax by the fact that no law has as yet been enacted. Nevertheless, the principle of an excess profits tax is so unsound that it is virtually impossible to draft a good excess profits tax law. A poorly drafted law can be inflationary by encouraging extravagant spending. The higher the maximum rate, the greater the temptation for some business enterprises to spend extravagantly. The principal objection to an excess profits tax, however, is that it would reduce the funds available for expanding plant and

equipment. It would do this in a large proportion of cases in precisely those industries where expansion is most needed. As a general rule, where profits are abnormally high, productive capacity is too low for demand and needs to be expanded. The country should not handicap itself by adopting a tax that would seriously hamper industry in expanding plant and equipment.

Tax Problems

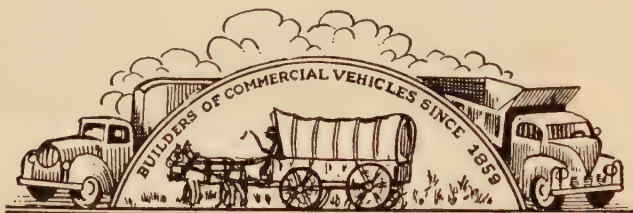
The increase in the personal income tax is anti-inflationary, but it is a crude and unsatisfactory instrument to use under present conditions. It discourages not only expenditures on consumer goods but also saving. In order to finance large expenditures on industrial plant and equipment, a high rate of saving is needed. What is needed, is, not a higher tax on incomes but a tax on spending. A tax on spending, however, is not politically acceptable. The increase in the income tax probably does more good than harm, but the net beneficial effect is not great.

Government policy with respect to the terms of commercial credit is in a state of confusion because of the conflict between the Federal Reserve System, which is endeavoring to stiffen credit terms, and the Treasury, which is endeavoring to keep them easy. During the last three months the commercial, agricultural and industrial loans of the weekly reporting member banks have been expanding rapidly and have reached an all-time high. The rapid expansion, however, seems largely to have been used in financing the rise in production of the last several months rather than an increase in inventories. It remains to be seen how far it will be desirable to discourage the expansion of commercial loans. Any increase in inventories is an indication of the need for stricter credit terms. But bank credit may be needed to help finance an increase in plants and equipment. In other words, it will depend upon tax policies and upon the willingness of individuals to invest in industry.

Restrictions on the use of credit in residential building are a highly useful method of controlling prices and also freeing resources for use in producing military goods and industrial plant and equipment.

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The recently announced rules in Regulation X are an important step forward in the control of inflation.

There is no more desirable way of combating inflation than restrictions on the use of consumer credit. Certainly people should not now be helped to spend more than their incomes on goods. Since consumer credit is used largely to finance purchases of durable consumer goods, restrictions on the use of consumer credit serve a double purpose — they limit the total demand for goods and, in particular, they limit the kind of demand that uses materials and production facilities needed in the production of military goods and in expanding industrial plant and equipment. Until today, restrictions on consumer credit have been barely more than token restrictions. The stiffer terms of consumer credit will probably be effective in bringing about a moderate drop in the demand for goods.

Mixed Results

This review of the anti-inflation program of the government leads to the conclusion that the program is far from adequate. Whether the government proposes to make substantial reductions in the volume of postponable civilian spending remains to be seen. The kind of tax increases that have been made up to now produce a mixture of good effects and bad ones with the good effects not very much greater than the bad ones. No one knows what kind of excess profits tax will be passed, but it will be difficult to draft one that does not severely limit the capacity of industry to expand.

The most serious lack in the government's anti-inflation program is the absence of an attempt to stimulate personal saving. This defect in the program evidently springs from the intention of the government to meet the costs of the Korean War and the increase in defense expenditures entirely out of taxes — the so-called pay-as-you-go policy. Such a policy would be a blunder, particularly if carried out mainly by higher personal income taxes and an excess profits tax. Still higher personal income taxes would substantially weaken the capacity of individuals to save.

If the government adopts the policy of meeting part of the increased costs of defense through borrowing from the real savings of individuals, the economy will be in a stronger position at the end of the contest with Russia than it would be if the pay-as-you-go policy were adopted. Millions of individuals would have become owners of government securities. These persons would have protection against misfortune that ownership of government securities would give them. Furthermore, the acquisition of govern-

ment bonds would make millions of people more willing to spend their income after the contest with Russia subsidizes and thus would help the economy eventually adjust itself to the end of the contest with Russia. Thus far, however, the government has not offered a savings bond that people are eager to buy in large quantities. In order to be attractive in a period of rising prices, a bond would need to carry a very high interest rate or be payable in a fixed amount of purchasing power.



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I have said that ceilings on prices are in general undesirable. It may be necessary, however, to make an exception of this principle in the case of wages. Collective bargaining has recently been showing itself to be a device by which powerful groups of employes protect themselves from sharing in the drop in the standard of living that the increased production for defense and foreign aid will soon impose on the country as a whole. More important, collective bargain-

ing becomes a device by which the determination of the price level of the country is largely transferred to numerous bargaining groups, each of which is too small to be much interested in the effect upon the community as a whole. Sooner or later the community will probably insist that restraints be placed upon the freedom of unions and employers to make wage bargains that determine the price level. The community may require that no wage agreement that raises wages

by more than a given amount shall be put into effect until reviewed by a public board.

If prices must be expected to rise by about 10 per cent steps should be taken to reduce the unfairness of inflation to a minimum. If nothing is done, the self-employed, who profit immediately from higher prices, and union workers will maintain or raise their standard of living at a time when the community as a whole has less to consume. Keeping the inequities of inflation to a minimum is the third major problem of the defense economy. Four principal steps should be taken:

1. Cost of living adjustments similar to those found in some union contracts, should be applied by employers of non-union workers. Some large corporations will probably do this voluntarily. A cost-of-living adjustment would not give the unorganized employees in American industries wage increases equal to those being given to large numbers of union workers every day. Nevertheless, it would diminish substantially the unfair difference in treatment between union and non-union employees.

2. A cost-of-living adjustment should be applied to the pensions paid under the present federal old age and survivors insurance plan. An application of a cost-of-living adjustment to pensions would prevent a repetition of the injustice that occurred between 1940 and 1949, when the cost of living increased far more than the average pension.

3. Rent control should permit rents to rise with the increase in the cost of living. One of the most unfair parts of inflation during the Second World War was the unfair discrimination against landlords. As a result of this discrimination the item of rents in the consumers price index rose about 19 per cent between 1940 and July, 1950, while the average of all items in the index was increasing about 72 per cent.

4. The government should offer savers relief from the inequities of inflation by permitting them to buy limited amounts of non-negotiable savings bonds payable in a constant amount of purchasing power. The buyers of government savings bonds during the years 1941 and 1950



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have suffered heavy losses, and this sort of thing should not be allowed to happen again. The holders of E bonds in July 1950 had paid \$31.5 billion for their securities and these bonds had a redemption value on July 30 of \$34.7 billion. But in purchasing power of the year in which the bonds were purchased, they had a redemption value on July 30, 1950 of only \$27.7 billion. Not only would the sale of purchasing power bonds offer savers protection from inflation for a large part of their current savings but, by stimulating thrift, it would help keep inflation moderate and it would build up purchasing power to sustain demand at some future year when government buying drops.

Can Better Economy

Some people fear that the contest with Russia will weaken the American economy by forcing the United States to adopt taxes that undermine the incentive to produce and to enforce a multitude of controls that undermine the efficiency of industry. Certainly the wrong kind of taxes and poorly designed controls could greatly retard the increase in production. I believe, however, that the chance is good that the economy of the United States will, on the whole, be strengthened by the contest with Russia. Certainly technological research will be stimulated and the strong demand for labor will cause the labor force to become larger than it would have been.

The great uncertainty is how the contest will affect expenditures on plant and equipment. During the four years of the Second World War, 1942 to 1945, private expenditure on plant and equipment, exclusive of housing, dropped to 3.8 per cent of the gross national product. In the four years since the war, 1946 to 1949, 10.2 per cent of the gross national product was spent on plant and equipment. Of crucial importance in the present contest with Russia is preventing a drop in the present proportion of the output going into industrial plant and equipment. If this proportion is kept high, the rivalry with Russia will strengthen the American economy and the United States will win the production contest.



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New Defense Spending "Watchdog"

(Continued from page 15)

tee is this war's counterpart of the World War II Truman committee. It is a group which businessmen will find worthwhile to watch and understand since it will carry the main load of congressional investigation of the war effort.

But like other mobilization patterns, which are repeating themselves, this one has points of difference as well as of similarity.

Organizationally the preparedness committee is not a special, independent committee like that run by Mr. Truman, but is a subcommittee of Senate Armed Services, to which it reports. This difference, however, is little more than technical; actually it will have about the same authority as a special committee. More important is another point, involving its relationship with the executive department. The committee has started out with the blessing of the President and his unofficial promise that any time it encounters bureaucratic resistance to proposed reforms, it may go over the head of the agency affected to get direct action from the President.

White House Help

This results, of course, from the fact that Mr. Truman remembers his own experiences at the corresponding stage of the last mobilization. When the committee came in with its first report, on rubber stockpiling and surplus disposal, it got very prompt cooperation from him in the adoption of its recommendations.

Whether this legislative-executive rapport will continue as the investigation proceeds remains to be seen; but the initial good feeling was such that the committee took the unprecedented step of formally voting a resolution of thanks to the President for his action on the rubber report. One of the Republican members sponsored the motion.

The group is headed by an up-and-coming freshman Senator from Texas, Lyndon B. Johnson. It was his idea and he was frank in taking the Truman committee as his guide. As soon as fighting broke out he combed over the record of the Truman committee, introduced an appropriate resolution which authorized the seven-member group,

obtained a \$25,000 appropriation for a starter, and adopted a set of policies similar to those the Truman committee had used successfully. Summarized, these policies are:

To develop the substantial, and not try to exploit the sensational—i.e., not to concentrate on hunting headlines; to strive to eliminate politics; to shun second-guessing on war strategy and confine the inquiry to making sure our fighting men get what it takes to win battles; to strive for impartiality, emphasize the constructive, and to be blunt but fair.

Lyndon Johnson is a tall, black-haired, vigorous Texan of 42 who won promotion from the House in the 1948 election. He had served in the House from 1937, where his record was one of New Deal and Fair Deal support, except on labor and civil rights issues. President Roosevelt took a great liking to him, and so did his fellow-Texasan, Speaker Sam Rayburn.

Johnson is also on the best of terms with President Truman, becoming an intimate of the off-the-record poker sessions at which the President likes to relax occasionally of an evening with a few of his cronies. He has ready back-door access to the White House whenever he has committee problems to discuss, and he is a good friend of W. Stuart Symington, chairman of the National Securities Resources Board.

Political Overtones?

This close identification with administration bigwigs led initially to the suspicion that the committee was created as a subtle instrument of Truman policy. Some wondered if, for example, the President was using it as a graceful way of ousting Louis A. Johnson as Secretary of Defense.

The committee gave color to this suspicion in its first report on rubber, when it pointedly criticized the Defense Department for "lack of integration" in some of its policies and for a "siesta psychology" with respect to the urgency of the security problem. These criticisms were made even more telling with contrasting praise for Symington

and John Steelman, the President's assistant. It was not long after publication of the report that Secretary Johnson resigned.

Soon afterward Hubert Howard resigned as chairman of the Munitions Board, which had been severely criticized for inadequate rubber stockpiling policies.

While in Secretary Johnson's case the committee may have had a hidden motive, it was only incidental. Its main motive is the bona fide legislative desire to keep an eye on the executive. With respect to Howard, it is only fair to note that his resignation was an inevitable result of Johnson's departure. Howard, a Chicago coal company executive, had been pulled reluctantly out of retirement by Johnson, and had served less than a year. If he deserved blame for an inadequate rubber stockpile, he equally deserved praise for the Munitions Board's development of an integrated and efficient purchasing program for the armed services.

Fair Criticism

Overall assessment of the fairness of the committee's criticism of rubber stockpiling is difficult because of the secrecy surrounding stockpiling objectives and figures. The committee is entitled to secret information but cannot make it public. Without examination of the statistics, the best evidence seems to be that there was honest difference of judgment over achieving a balance between the size of the stockpile and avoiding competition with industry's need for raw materials during the reconversion period.

In its unfavorable appraisal of Secretary Johnson's overall performance in his cabinet post, the committee seemed on sounder footing.

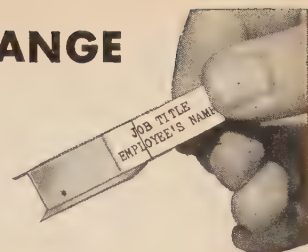
In addition to Senator Johnson, the committee members are generally an able lot. The Democrats are Virgil Chapman of Kentucky, a regular rather than Fair Dealing version; Estes Kefauver of Tennessee, more of a Fair Dealer; and Lester C. Hunt of Wyoming. Chapman and Kefauver, like the chairman, are recent graduates of the House. The Republicans are Styles Bridges of New Hampshire, Leverett Saltonstall of Massachusetts, and Wayne Morse of Oregon.

The staff is headed by Donald

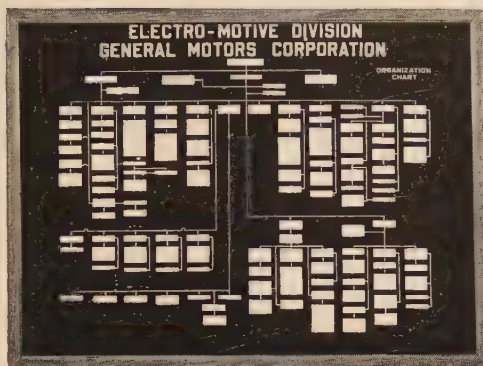
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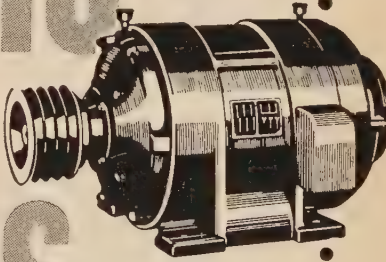
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C. Cook, vice-chairman of the Securities and Exchange Commission, whose services were loaned by arrangement with the President. Cook is a short, slight, studious man of the quiet, fact-finding type, who was associated with Chairman Johnson during the last war when as chairman of a House Naval Affairs subcommittee he investigated the Navy's Elk Hill oil leases and brought about their recapture for the government.

Besides Cook, the committee em-

ployes six field investigators, and clerical help, and has the use of the three permanent professional employes of the Armed Services Committee, who are experts in various phases of the military establishment's work.

During the recess of Congress, Johnson sent a subcommittee of three—Hunt, Saltonstall, and Morse—to Alaska to investigate the defenses of our northwestern perimeter. Its inquiry into stockpiling policies is continuing and more will

be heard from it on this score. It is also studying the reported grey market in steel.

In most cases the committee expects to hold its hearings in executive session, on the theory that poor management or unwise policies can best be corrected constructively in private. When necessary, however, public hearings will be held to call attention to certain phases of the mobilization program.

One such series is planned for early November. The subject will be manpower, which promises to become a tightening bottleneck as the rearmament program gains momentum. The basis of the hearings will be the administration's universal military training legislation, but the hearings will cover the whole manpower field.

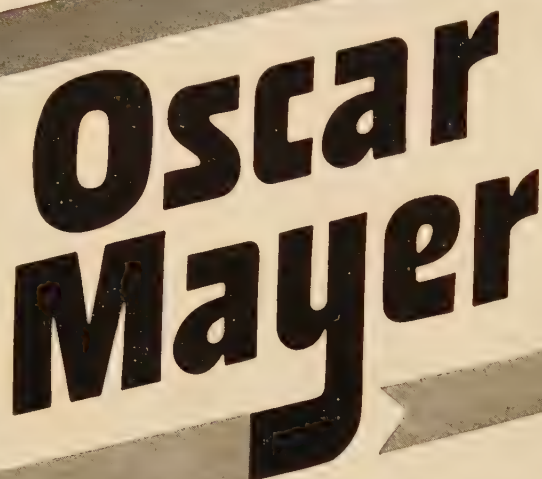
To Study Cartels

One of its major future projects will be an investigation of the effect of cartel operations on the prices which the U.S. has to pay for stockpile and defense materials. This is a field that may involve diplomatic repercussions, since it points toward the possibility of putting pressure on some of our western European allies whom we are supplying with arms. Preliminary discussions among members and the staff have covered cartel arrangements in tin, rubber, and industrial diamonds. Judging from the attitudes and the records of its members, the committee will have a generally anti-cartel, anti-trust outlook.

Basically its attitude is one of strong pressure to speed up the military strengthening of the United States. The members believe that economy must now take second place to rearmament.

"Peace in this day is not cheap," Chairman Johnson warned in a Senate speech. "The one thing a bully understands is force, and the one thing he fears is courage. If Russia is not willing to stop, there now is the time for us to decide whether we will meet her, and meet her now. Give us a strong air force, the strongest in the world. The roar of airplane engines is more impressive than the guarded words of diplomacy."

In short, the slogan is: "Better too much too soon than too little too late."



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Reviews of Middle-western Companies

By DANIEL F. NICHOLSON

AFTER years of experimenting and development work, the George W. Borg Corporation has introduced a new product that may be a worthy companion to the company's steady money-maker, the electrically wound clock for automobiles.

The new product is a nylon pile fabric about a half inch thick. A manufacturer of women's coats has made garments from this material and they have been placed on sale by Lord and Taylor in New York and Marshall Field and Company in Chicago. The new material is mothproof, absorbs very little moisture, and is warm. More important is the fact that a coat made from the nylon pile fabric looks like a fur coat.

The company's annual report for the fiscal year ended June 30, last, disclosed that pile fabrics are also being made from other fibers such as wool, alpaca, vicara, and dynel. "We have been developing quality pile fabrics for several years and are now in limited production furnishing some yardage to the trade," the report stated. "Facilities are being expanded for increased production," the report added.

Fabric Business

For some time the Borg company has been manufacturing pile fabric polishing discs for the automobile manufacturing companies. Other uses for the materials include men's and women's outerwear, coat linings for warmth, storm coat collars, stadium boot linings, paint rollers, floor wax applicators, and gun case linings.

The Borg clock is used by nearly all automobile manufacturers and in nearly every make of car. It is used in all Ford, Lincoln, Mercury and Chrysler-made cars; by General Motors in Oldsmobile and Buick,

and by the following independent automobile manufacturers: Hudson, Packard and Studebaker. All trucks using clocks install Borg models. The principal competitor in the automotive clock field is Westclox.

The high level of automobile production and the widespread use of clocks as original equipment was reflected in record-high earnings for the company in the fiscal year to June 30, last. Net earnings amounted to \$1,339,959, or \$3.88 a share. This compared with \$1,001,803, or \$2.90 per share, for the preceding year, after deducting a non-recurring loss of \$259,516, or 75 cents a share.

Clock Was First Product

The electrically wound clock, operated by the automobile's storage battery, was the original product manufactured by the company when it was incorporated in 1935 by George W. Borg. Borg is still the principal stockholder of the George W. Borg Corporation and is president and chairman of the board of directors.

While the major share of its energies has been devoted to the clock line, the Borg firm has been active in research and has also ventured into the manufacture of several products other than clocks and pile fabrics. In June, 1941, the Bradley Knitting Company, Inc., was purchased. The Bradley sweater knitting business was continued as a Borg division until March, 1949, when the machinery, equipment, inventories, and trade name "Bradley," were sold. The division had produced substantial sales volume but was not very profitable. For several years the Borg Company has manufactured a line of x-ray medical equipment. Distributors of the x-ray line have been notified that no more orders will be filled, and the remaining inventory has been sold to the North American Phillips Company. There is still

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
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the possibility that Borg will continue to manufacture the x-ray line for North American Phillips if the latter decides to buy equipment rather than establish its own plant.

Several other products are being manufactured by the George W. Borg Corporation. One is the "Time-O-Graph," a "rate recorder" sold to jewelers and watchmakers for use in regulating watches. A sizeable market for the "Time-O-Graph" was built up in Europe for a time but has since dwindled. Domestic sales of the device have not been large. A new product is the "Borg" automotive static wheel balancer, "used in service stations and distributed through automotive jobbers and major oil companies."

Although no commercial applications have been found for it, the company's micro-potentiometer, sold under the trade name "Micro-pot," continues to find a steady market among testing and experimental laboratories. The Micro-pot is a variable voltage divider for accurate control and regulation of voltages. Borg also manufactures a ten-turn counting dial, the "Microdial," for use with the Micro-pot.

In addition to manufacturing items of a scientific nature for its own account, the company also does custom building of testing, timing, vibrating and regulating equipment.

Plant Locations

The principal plant of the company is located in Delavan, Wis., and contains 245,600 square feet of floor space. Manufacturing of clocks is also carried on in leased space in Janesville, Wis., and in Chicago. Repair operations also are carried on in the Chicago plant. The Janesville plant was opened because of the shortage of available factory help in Delavan. The company still sends four buses into surrounding areas to pick up workers each day and several years ago had a dozen buses providing this service. The company formerly owned the building in which its Chicago factory is located.

On the basis of its showing during World War II, the George W. Borg Corporation should have little difficulty obtaining orders for mili-

tary goods if production of civilian items is seriously curtailed by the rearmament program now under way. In addition to manufacturing mechanical time fuzes during the war, the company made most of the fuze regulating equipment used by other manufacturers, also parts for the Norden bombsight and radar equipment. The Borg firm gave a demonstration of its versatility and engineering skill by building more than 300 automatic precision lathes when they were no longer obtainable from Switzerland. Fractional horsepower motors were manufactured for the company's own use during the war and for a time thereafter, when the supply was insufficient to meet the demand. In addition, the company has had extensive experience with electronic research, not only for private customers but for the government as well.

Bradley Sale Aids Earnings

Sale of the Bradley division undoubtedly has brought a sharp curtailment in sales volume even though earnings have been improved by the disposal of the unprofitable operation. However, prior to the Bradley liquidation, sales of the company had been on the upgrade and reached a new high in the fiscal year closed June 30, 1949, at \$10,596,052. Sales figures were not disclosed for the 1950 fiscal year.

Following is a comparison of net sales, net income, and earnings per capital share, for the years 1940 to 1950, inclusive:

Years ended June 30	Net Sales	Net Income	Per Share
1950	#	\$1,339,959	\$3.88
1949	\$10,596,052	†1,001,803	†2.90
1948	9,748,023	*1,269,857	*3.68
1947	8,428,612	802,757	2.33
1946	7,904,608	294,679	0.85
1945	10,389,357	444,644	1.29
1944	6,819,028	380,344	1.10
1943	6,388,694	481,292	1.40
1942	2,188,838	431,544	1.25
1941	2,068,334	341,876	0.99
1940	1,875,096	311,893	0.90

Not reported. † After deducting non-recurring loss of \$259,516, or 75 cents per share. * Includes \$246,872 net gain on sale of buildings, equal to 72 cents per share.

Capitalization consists of 500,000 authorized shares of \$10 par value capital stock, of which 360,000 shares are outstanding including 15,000 shares held in the Treasury.

Until October, 1945, when public offering was made of 150,000 shares, the stock was held entirely by George W. Borg with 300,000 shares and Thomas B. Gibbs with 45,000 shares. The 150,000 shares offered to the public came from the Borg holdings. The stock is listed on the Midwest Stock Exchange.

From 1940 until January, 1946, no dividends were paid. Payments by calendar years have been: 1946, 80 cents; 1947, 80 cents; 1948, 85 cents; 1949, \$1; and 1950 \$1.50, up to and including the 37½ cents a share paid on October 16. The 37½ cents quarterly rate was instituted in January, 1950.

The George W. Borg Corporation has built up a strong financial position. As of June 30, 1950, total current assets of \$6,165,382 compared with total current liabilities

of \$805,181. The only other items on the liability side of the balance sheet were a reserve of \$72,626 for guarantee of product, and capital stock and surplus.

Among the current assets at the end of June, 1950, were cash \$2,211,235, United States government securities \$1,164,903, accounts receivable \$1,159,642 and inventories \$1,532,004.

Other assets were: long term notes receivable, \$737,500; property, plant and equipment, \$1,202,277; and other assets and deferred charges \$103,681. Total assets amounted to \$8,208,840.

Net current assets, or working capital, was equal to \$15.54 per share of capital stock outstanding on June 30, 1950, and the total net asset value per share was \$21.25.

Congressional Attention On Peat Research

(Continued from page 20)

to a three to one advantage for peat.

To get economical power generation, a power plant would have to be close to peat deposits, so that water transportation would not be required. Pistner testified that it is possible to build a 10,000 kilowatt steam generating station which can be supplied for 50 years—or more than long enough to amortize construction costs—by peat obtained within a three-mile radius of the plant.

To use peat as a fuel it is air-dried after mining until at least 50 per cent of the moisture is evaporated. It is then fed into furnaces and ignited by high pressure jets of super-heated air. The steam, generated at pressures between 650 and 900 pounds and temperatures between 825 and 950 degrees F, is then admitted to a high pressure turbine generator in the conventional manner.

Developments stemming from experience with lignite, which have been particularly rapid during the last decade, can be applied in the utilization of peat. Power installations now use pre-heated air at temperatures as high as 800 to 1,000 degrees F. Radiant air pre-heaters have been used which have substantially modified the technique of burning high moisture fuels. Complete designs for furnaces in

which peat can be burned with efficiencies substantially comparable to bituminous coal have already been drawn up.

Several government agencies strongly favor the peat development measure, among them the Bureau of Mines which would be appropriated \$3,500,000 with which to carry out the program contemplated by pending legislation. The bureau has already done some "book" research on national peat resources.

Cheap Power?

The Munitions Board's fuel division favors the program partly because it feels the utilization of low grade iron ore in Minnesota can be made practical with the help of cheap power developed by peat fuel. The board's fuel chief, Edgar Geleay, told the committee that the extensive amount of useless rock in low grade ore makes its use virtually impossible because of high transportation costs. He added that utilization of such ore would be essential to national defense in the event of a major emergency.

"If the nation is forced to depend on iron ore from Labrador and Venezuela," Geleay said, "it would find itself in short supply. Ore from Labrador can be shipped out only about four months of the year because of weather conditions and

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the water haul from Venezuela would be highly vulnerable to enemy attack."

A representative of Commerce Department's office of domestic commerce testified that peat could be used to develop cheap electrical energy to power new factories in regions adjacent to the deposits. In peacetime, he added, peat could provide additional electric power; in wartime it could also furnish a source of fuel whose use would not depend upon distant resources.

Thus, as the nation stiffens its muscles, in anticipation of continuing unsettled world conditions, science may look for added strength to one of our most lowly deposits. The peat that now enriches suburban lawns may ultimately power generating plants far from the burial grounds of its venerable elder, bituminous coal.

Here, There and Everywhere

(Continued from page 8)

bled the amount of insurance carried on the majority of its employees. The minimum coverage has been raised from \$700 to \$1,000, the maximum coverage (after five years of service) has been upped from \$1,500 to \$3,000. As it has since 1919, Du Pont will continue to foot the bill for all premiums.

● **In The Design of Things** — For the first time in its history the national Society of Industrial Designers, an organization of the country's top creators of eye-appealing products, has elected a Chicago designer as its president. He is Dave Chapman who succeeded five past presidents, all New Yorkers. Mr. Chapman believes his election is an indication of Chicago's rising importance as an industrial design center.

● **Highway Tax Diversions** — The National Highway Users Conference calculates that motorists throughout the country have paid \$2,843,270,000 in state highway taxes since 1924 which has found its way into other purposes than keeping highways in shape. Last year, the states diverted \$166,111,000 of such taxes to non-highway purposes, the NHUC reports, bringing the diverted total for 25 years to slightly under \$3 billion.



INDUSTRIAL DEVELOPMENTS

IN THE CHICAGO AREA

INVESTMENTS in industrial development in the Chicago Industrial Area during October totaled \$27,409,000 compared with \$5,843,000 invested during October, 1949. Total investments for the first ten months of 1950 were \$300,018,000 compared with \$87,756,000 for the same period in 1949. These developments included expenditures for the construction of new plants, additions to existing industrial buildings, and the acquisition of land or buildings for industrial purposes.

Sawyer Biscuit Company, division of United Biscuit Company, 1041 W. Harrison street, is constructing a building, which will contain more than 600,000 square feet, at the corner of North Avenue and 25th avenue adjacent to the Indiana Harbor Belt tracks in Melrose Park. Skidmore, Owings and Merrill, architects; George A. Fuller Company, general contractor.

B. F. Goodrich Company has purchased the former Sterling Bolt Company plant at the corner of Lake street and Kilpatrick avenue. The one-story plant contains 177,000 square feet. Robert White and Company, brokers.

National Video Corporation, 3019 W. 47th street, has purchased almost six acres of land at the corner of Kilbourn, Milwaukee and Grace street on which it will construct a 150,000 square foot plant. The company manufactures television tubes. Friedman, Alschuler and Sincere, architects.

Philco Distributors, Inc., will construct a one and part two-story warehouse in the Clearing Industrial District at West 51st street. The warehouse will contain 90,000 square feet of floor area. Bowes Realty Company, contractor.

Production Steel Company of 13600 S. Brandon, will build a plant at the corner of Gardner and Roosevelt roads in Broadview. The structure, which will be of steel, will contain 48,000 square feet with 80 foot bays. Abel Howe and Company, contractor.

Hotpoint, Inc., affiliate of General Electric, has purchased the former General Electric X-Ray Corporation plant at Adams street and Seeley avenue. The plant is a five-story structure and contains 300,000 square feet.

K-W Battery Company, 3705 N. Lincoln avenue, manufacturer of industrial storage batteries, has purchased property on Howard street in Skokie on which it will build a 50,000 square foot plant.

Wine Corporation of America is constructing a bottling plant at 3739 S. Sacramento avenue.

Santay Company, 351 N. Pulaski road, is constructing a 25,000 square foot addition to its plant.

Catalin Corporation of America, which recently entered Chicago with a chemical plant, is expanding its facilities. Blaw Knox Company, general contractor.

Chromium Mining and Smelting Corporation, located at 138th and the Calumet River in Riverdale, is expanding its facilities.

S. O. S. Company, 6201 W. 65th street, Bedford Park, will add a 30,000 square foot section to its plant.

Strick Company manufacturer of trailers and truck bodies in Philadelphia, has acquired a plant at 93rd and Drexel in Chicago.

Trav-Ler Radio Corporation, 571 W. Jackson boulevard, is constructing a brick and stone four-story addition to its plant.

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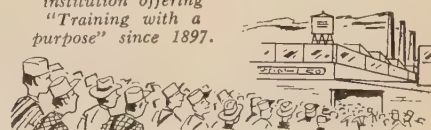
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Ashland avenue, manufacturer of chemicals, feed and fertilizers, is adding to the working space of its plant. Vierling Steel Company, contractor.

Electric Storage Battery Company, 5335 S. Western avenue, has constructed a 20,000 square foot addition to its plant. The addition will serve as warehouse space.

Harbison-Walker Refractories, Inc., is expanding its plant on Kennedy avenue in East Chicago. **George Sollitt Construction Company**, general contractor.

Simonds Saw and Steel Company, 127 S. Green street, is building a warehouse at 3323 W. Addison street. **J. Emil Anderson and Son**, general contractor.

Richard D. Irwin, Inc., 3201 S. Michigan avenue, publishers, are building a new plant in Homewood, Ill.

Poole Bros. Inc., printers, are expanding their plant at the corner of Harrison and Clark streets. **Dahl Stedman Company**, contractors.

Harris-Seybold Company, Cleveland, manufacturer of printing plant equipment, is constructing a one-story plant containing 20,000 square feet of floor space in the Clearing Industrial District in Melrose Park.

Clayton Mark and Company, steel tube producer in Evanston, is constructing a two-story addition to its plant.

Professional Equipment Company, 615 S. Peoria street, manufacturer of X-ray equipment for

the dental and medical profession has purchased a building at First and North avenues near Maywood for its new headquarters plant. The building contains 45,000 square feet of floor area. **Bennett and Kahnweiler**, brokers.

Mayo-Reese Company, 2430 Ashland avenue, has purchased 12,500 square foot one- and two-story brick building in Skokie to which it will move all of its facilities.

Fafnir Bearing Company, New Britain, Conn., operating a warehouse at 111 N. Canal street, has acquired the newly constructed one-story building at 3433 W. Newport avenue where they will maintain a midwestern warehouse. **Bennett and Kahnweiler**, brokers.

Pringle Paper Products, Inc., envelope manufacturers located at 1239 W. Madison street, has purchased the building at 4024 W. Ogden avenue. **J. H. VanVlissingen and Company** — **Lang, Weise and Cella**, brokers.

Elkay Manufacturing Company, 1874 S. 54th street, Cicero, manufacturer of stainless steel sheet products, has acquired an additional plant at 4703-09 W. Artington street in Chicago.

Rix Steel Fabricators, a newly organized company, has built a one-story concrete and steel factory building in Blue Island where will produce structural and ornamental steel products. The plant has approximately 3,200 square feet of floor area.



ULTRA-EFFICIENT FREIGHT HANDLING — Here is one of the most modern transportation installations in the nation. Opened recently by Mid-States Freight Lines at 5200 S. Pulaski Rd., Chicago, the building incorporates administrative offices and a loading-unloading dock that stretches 363 feet and has 36 doors on one side for incoming trailers, the same number on the other side for outgoing trailers. Each door is in direct communication with central office.

Long Battle Against Hoof and Mouth

(Continued from page 19)

"crazy Americans" meant business, the Mexicans were willing to go along with the new strategy. But, they warned, it was an impossible task — and, indeed, it looked to be just that. There were sections in the area that had never been explored and were so marked on Mexican maps. There were other areas, like one held by a bandit group of 500 to 1,500 men, which even the Mexican Army had never penetrated.

Language Barriers

To make the task all the more difficult, there were almost unbelievable language barriers. About 52 different tongues were eventually encountered, some as completely unlike Mexico's ordinary Spanish and Indian dialects as any that can be found in the world. One, called "popoluca," could be mistaken for Russian; another, called "nahuatl," sounded like Chinese. The inhabitants of one village founded centuries ago by survivors of a wrecked slave ship spoke a lingo which was understood by only two outsiders in all the U. S. and Mexico.

Nor could the Mexican government tell the aftosa fighters how many cattle they could expect to find in the area. The government estimated the number roughly at 15,000,000, but ultimately 17,000,000 were found.

Vaccinations were started in January, 1948. To get the cooperation of the Mexicans, interpreters were sent in advance of each vaccinating "task force" to explain what the work was all about. They enlisted the cooperation of the bandit-held sector only after promising that no soldiers or guns would accompany the vaccination team.

So great were vaccine requirements that the two countries which normally supplied the world's demand — Holland and the Argentine — could not meet Mexico's requirements. So a special vaccine-producing plant was built. To blanket the area, which originally stretched from 250 miles south of the U. S. border to 118 miles north of the Guatemalan border, the aftosa high command divided it into 10 districts and created what amounted to a self-sufficient "army"

in each, complete with warehouses, vaccine refrigerating equipment, vehicles, mules and supplies. To speed communications, the field forces had 89 semi-portable radios, 72 walkie-talkies and planes to drop vaccine in remote areas.

Once the vaccination program began, the number of animals that came down with the disease and had to be killed dropped fast. During 1948, the first year of the vaccination campaign, only about three per cent as many animals had to be killed as in 1947. In 1949, only 8,024 were slaughtered and so far this year only 16 have been killed and none of those, it turned out, actually had the disease.

Significantly, the last known case of aftosa in central Mexico was in December, 1949. Except for one occasion when it lived and reappeared 345 days later, the dormant virus has never been known to survive more than five months. Thus, the long, costly battle is near its climax.

Aftosa scientists say they can't be sure the disease is wiped out, since the vaccine may only be keeping it at arm's length. No one, they say, can know for sure whether the virus has been wholly eradicated until the animals are allowed to lose their immunity.

Crisis Coming

Thus, the two-nation aftosa-fighting organization agreed last spring to allow the 120-day vaccine-produced immunities to wear off. The last vaccinations were administered on July 31, 1950; hence, by November 1 no animal in all Mexico was protected against the disease. Now coming up is the worst month of all — December, the month when the virus has thrived most in Mexico in the past because of its coolness and dryness.

"If we can get past December without an outbreak of the disease that's very serious," says an aftosa spokesman, "we can be reasonably certain we've passed the roughest test and that the disease has been licked — and licked for the first time in the world's history by a method other than slaughter."

What if the aftosa fighters aren't that lucky? The American co-direc-

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tor of the aftosa organization, Major General Harry H. Johnson, admits frankly, "If the animals do find the virus and the disease spreads beyond our control, it will mean our campaign has been a complete failure. Then we'll have to concentrate our efforts on keeping the disease from spreading into our own country."

Costly Program

It's doubtful the costly vaccination program could be continued indefinitely, especially when the quarantine would also have to be kept up. Vaccinating 17,000,000 animals three times a year is costly. In the peak vaccination month of January, 1949, for example, aftosa people were vaccinating seven animals every second—or 5,000,000 a month at a cost of over \$2,000,000.

In view of the vaccination holiday, aftosa people are taking no chances. They've instructed 500 livestock inspectors scattered throughout the danger area to be more vigilant than ever in inspecting every animal every 30 days. The rotation system that previously gave these inspectors once-a-month leave from their isolated, primitive communities, has been cancelled for the rest of the year.

Even under the most favorable conditions, the aftosa campaign will not be dropped completely at the end of next year. Employment and expenses will be tapered off gradually, with livestock inspection taking place probably every 45 days throughout 1951 and every 60 days throughout 1952. After that, until

1955, a skeleton force will probably be kept on the scene to make sure the disease doesn't return.

With the end of the huge vaccination program, employment is already being reduced. From a peak strength of over 5,000 (one-third are usually Americans) employed in August, 1949, the organization was reduced to 3,690 in August, 1950, and plans call for a further reduction to 2,800 by the beginning of 1951 — though there have been no lay-offs of inspectors since their job is as vital as ever.

At the earliest, Mexican cattle cannot be readmitted into the U. S. until two years after the last known incidence of the disease. As far as our own meat supplies are concerned, however, Mexican cattle do not figure prominently. Before we closed the border to them in 1946, we bought only about 500,000 head a year — less than a half

of one per cent of what we slaughtered each year — upwards of 110,000,000. So the hardship to Uncle Sam in closing the border wasn't severe. If the disease had jumped the border, it would, of course, have been a wholly different matter.

Uncle Sam's expenses for his part of the battle against aftosa ran to \$118,000,000 by June 30, 1950. The biggest part of this, \$52,000,000, was to help finance the Mexican staff. For American personnel and operations inside Mexico, Uncle Sam spent \$22,500,000. Patrolling the border cost another \$8,000,000, inspecting American cattle to make sure they hadn't contracted the disease cost \$500,000 and another \$500,000 was spent for short-term research on the disease.

Every bit of that will have gone down the drain, if the virus reappears and repeats its 1946 performance.

Trends In Finance and Business

(Continued from page 10)

population for their prosperity, the toy makers have made this year's offerings more intriguing than ever.

The cowboy and the "Wild West" still pretty much dominate the toy business, according to a pre-Yuletide communique from the Toy Manufacturers of the U.S.A. The Hopalong and Roy Rogers influence will install more cowboy merchandise than ever under this year's Christmas trees. Among the more ingenious creations are toy six-shooters that explode smoke cap-

sules, rocking horses covered with genuine horsehide, sidewalk bicycles equipped with saddle bags and rifle cases, and an inflatable horse's head that tucks into a holster belt and ties around the neck. Whether the latter makeshift will be acceptable in hard-riding small fry circles the Toy Manufacturers don't hazard a guess.

Miniature replicas of adult business enterprises also loom importantly on the Christmas toy front. Last month's American Toy Institute featured a drug store, soda fountain complete with operating malted milk machine, sirup dispensers and banana split dishes; a service station with an operating pump for car washes and an oil changing apparatus; also a banker's safe that works and a juvenile drafting set with plans, fascinatingly enough, of the United Nations building.

Of more practical interest, however, to Christmas-morning-minded fathers is a spectacular innovation in electric trains: some of this year's models will introduce "magnetic traction," a scientific achievement that enables a locomotive which could pull only 11 cars last year to puff along with 22 cars strung behind it.



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TRANSPORTATION and TRAFFIC



INTERSTATE Commerce Commissioner Knudson has announced the formation of a new government agency to be known as the Defense Transport Administration. The new agency will be under Commissioner Knudson's jurisdiction and will administer and perform the priority, allocation and other functions vested in him under the President's Executive Order 10161 with respect to domestic transportation, storage, and port facilities, excluding air transportation, pipe lines, coastwise, inter-coastal and overseas shipping. The first order issued by the new agency, effective October 4, states that the internal organization of D.T.A. will consist pro tem of (1) Office of the Administrator; (2) Office of Deputy Administrator; (3) Office of Executive Assistant; (4) Office of General Counsel; and (5) Divisions on equipment and materials, manpower, domestic transport, storage and port specialists, industry consultants, information officer, and administrative officer.

Homer C. King, director of the Interstate Commerce Commission's Bureau of Service has been appointed deputy administrator of Defense Transport Administration. Mr. King served in a similar capacity with the Office of Defense Transportation. Walter S. Rainville, Jr. has been named executive assistant to the administrator and Francis A. Silver has been selected as general counsel of D.T.A. Mr. Rainville, who is director of research for the American Transit Association, has been serving since April, 1948, as a consultant to several agencies of the government with reference to the preparation of plans for the mobilization of the country's transportation system in the event of a national emergency — first with the Office of Defense Transportation and later with the transportation

officer of the National Security Resources Board. Mr. Silver is on the staff of N.S.R.B. and was formerly general counsel of O.D.T. Benjamin R. Miller, director of industrial relations of the American Trucking Associations has been appointed to handle manpower problems for the newly formed agency.

Hearing November 28 on Illinois Rail Rate Increase: Hearings on a proposed increase in railroad freight rates within Illinois will be held on November 28, 1950, in the offices of the Illinois Commerce Commission, 160 N. La Salle Street, Chicago, before Examiner F. B. Mc Elroy. The proposed eight per cent increase on all classification rated traffic and on less carload and any-quantity exception rated traffic was to have become effective June 19, 1950, but was suspended by the Illinois Commerce Commission on the request of the Chicago Association of Commerce and Industry. The association's suspension petition pointed out that the proposed rates, if permitted to become effective, would result in a relatively higher scale of rates within Illinois than would be applicable on interstate traffic from and to the states adjoining Illinois on the west and north and on intrastate traffic within the bordering states of Iowa and Wisconsin.

I.C.C. Suspends Service Order No. 868: Interstate Commerce Commission Service Order No. 868, which was to have become effective October 4, has been suspended indefinitely. The order was one of a series issued recently by the commission to conserve railroad freight cars. It would have suspended Classification Rule 24, the so-called follow-lot rule, and that portion of Rule 34 which permits freight cars to be used for carload shipments at other than the carload minimum weight for the car used. Under

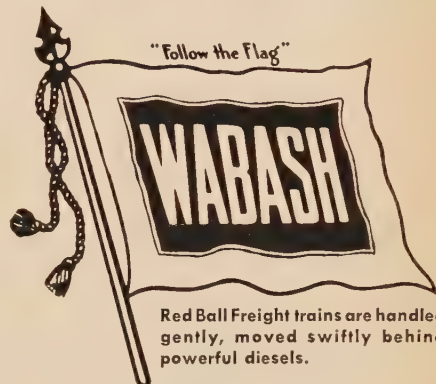
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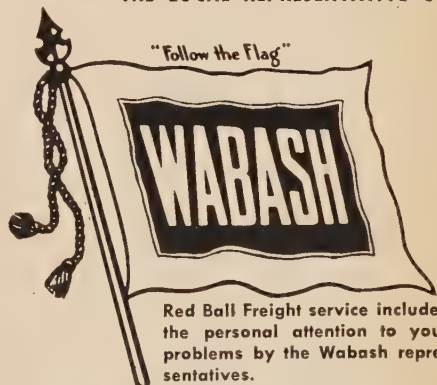
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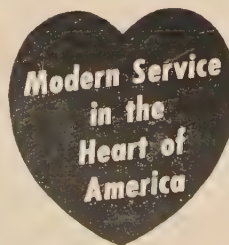


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the provisions of the order, the overflow portion of a carload shipment would move at the less carload rate instead of the carload rate. In instances where a shipper was furnished two small cars in lieu of a large one he would have been required to pay freight charges at the minimum weight for each car furnished or await the railroads' ability to furnish a larger car.

Adopt Motor Rate Increase To East: An increase in motor carrier rates applicable between Central

territory and points in Trunk Line and New England territories, was adopted by the General Committee of Eastern Central Motor Carriers Association at a meeting held in Cleveland, Ohio, on September 21. The action will boost truck class rates to the current rail level, except on classes lower than Class 35. Classes 30 and 27.5 will be one cent and two cents, respectively, under Class 35. A dual scale of rates, one applying on Classification rated traffic and the other on

exception rated traffic, will be published down to Class 35, but the proposed exception basis of rates will be the same as the proposed Classification basis from Class 35 through Class 27.5. Publication of the increased rates will be held in abeyance until an analysis of commodity rates published in Tariff 15-G and exception ratings published in Tariff 14-G has been completed.


Motor Transport Advisory Committee Formed: At the suggestion of the Interstate Commerce Commission, a Motor Transportation Advisory Committee for the Chicago Metropolitan Area has been formed to take steps to bring about a more efficient use of motor carrier equipment to meet the needs of national defense and economy. The 24-man committee, composed of shipper and motor carrier representatives, will work out plans whereby all traffic offered to motor carriers may be handled with a minimum of delay. W. J. Rowlee, Traffic Manager of the Albert Dickinson Co., has been elected chairman of the committee and A. Maurer, assistant traffic director of the Chicago Association of Commerce and Industry has been named secretary.

Oil Industry Prepared

(Continued from page 22)

need for a curtailment of quantities. The total quantity that can be made available should continue to be adequate to carry us through the preparedness program without placing limitations on the volume of civilian consumption. Even with the quality restriction I have heard discussed, the gasoline will still be a good product and your car will perform very nicely on it. The probable reduction of quality will be to the level of those characteristics of gasoline about one year ago. This will still be a much better product than a large portion of cars on the road require and much better than the quality of gasoline during the last war. A small portion of the latest model high compression cars may require minor adjustments.

None of us can foretell with accuracy the probable construction that will be permitted the oil industry, or any other industry, during




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Company Name_____

the forthcoming preparedness period. I am confident that there will continue to be substantial building. I am equally confident that such materials as may become available to the oil industry will be utilized where they can contribute most to the insurance of future supplies to both the civilian economy and military forces. Hence, if we assume only that the oil industry will be permitted a growth in keeping with the growth of the economy in total, I believe it reasonable to assume that the industry will continue to provide a margin of safety that can be drawn upon in case of emergency.

The second question — Will you have enough fuel oil? — presents a very interesting problem because the demand for distillate fractions has been stimulated far more than that experienced for other petroleum products. This additional growth reflects two primary causes: (a) the demand of the American people for automatic heat and the repetition of labor-management difficulties in the solid fuels industry have caused more and more consumers to shift their energy and heat dependence from coal to oil, and (b) dieselization of the railroad industry has called for tremendously increased quantities of distillate fuel. The petroleum industry has built to meet such requirements.

Oil Demand

Since 1941 the domestic demand for kerosenes and distillates has grown from 242,293,000 to an estimated 514,000,000 barrels in 1950. If the refining industry had operated at capacity during 1949 annual production could have been as much as 541,765,000 barrels instead of 441,682,000 barrels. We presently have additional capacity to increase distillate production, if needed. I think the industry probably could not absorb a second doubling of the market in the next five years without some substantial changes. However, I do not consider such a growth likely as the continued growth of natural gas will tend to restrict the rate of growth of the domestic heating oil market:

Approximately 60 per cent of heating distillates are consumed in a four-month period. It is necessary that the industry build tremendous inventories and each year the tankage and storage problem is

magnified by this rapid growth in demand. This is the point at which the consumer can help the oil industry by helping himself. If he will increase his home storage capacity and fill it during the summer months so that the industry does not have to carry the total inventory there may be substantial savings in cost and there surely will be better assurance of supplies if an unusually severe winter is encountered.

Rationing Unnecessary

If we are confronted with an all-out war, it may become necessary to ration some petroleum products. The impact upon the economy will depend upon the magnitude of supplies needed by the military. At present, however, I do not foresee any need for rationing petroleum products.

Why is the petroleum industry again ready to meet conditions it could not foresee? The answer is competition. The management of the Standard Oil Company is constantly alert to the aggressive competition of Texaco, Globe, Shell, Socony, Sinclair, Phillips, Martin, Johnson, Spur, and thousands of other petroleum companies. We don't dare let any one of them get the jump on us. Just as we are constantly seeking ways where we may get the jump on them, each of them is working steadily to get the advantage over each of the others.

We seek each possible advantage in terms of volume, service, and quality at a fair price. It is our hope, of course, always; that we will be able to realize a reasonable profit for our effort. Our very life — and the security of our nation — is contingent upon the availability of that narrow profit margin. Just as we seek, and thousands of other organizations seek the same objectives, each unit of the industry tends to build its strength to serve. The industry is ever ready to meet whatever emergencies may confront it. We have but one request. That is, that we be allowed to continue to compete vigorously. If granted this simple request, we will assure the public, the military, and the government authorities that we will continue to guarantee our security through progress and growth.

(The foregoing article is based on a paper delivered by the author in connection with industry observance of Oil Progress Week)



A CHOICE Christmas Gift

For Those "All-Important"
BUSINESS FRIENDS

• • • SOUNDS "SILLY", BUT STILL STRICTLY SENSIBLE... Don't wait until the "Last Minute" to select an APPROPRIATE GIFT for XMAS. It might prove very disappointing.

• • • YOU CAN SETTLE this annoying "Yearly Problem" quickly and thoroughly by giving beautiful, personal "TIES".

• • • CHOOSE FROM HUNDREDS of the season's most smartly styled patterns — featured on fine silks, nylons or acetate weaves.

• • • OFFERINGS RANGE from the "Moderate" through the "Higher-Priced" FINE NECKWEAR... Your requirements easily serviced within the LIMITATIONS of your GIFT BUDGET.

• • • Special Discounts for Early Quantity Orders.

• • • AMERICAN'S FULL CUT Genuine Hand-made NECKWEAR, designed and created for the exclusive trade for over 30 years, will reflect your "Good Taste" through many months of pleasurable wearing.

• • • "TIE THIS" for SPECIAL SERVICE — Your "Personalized Label"... Ties beautifully boxed with your "Personal Xmas Card" and mailed by us to your own gift list.



EARLY ORDERS Mean Better Selections and Maximum Service. FULL DETAILS Without Obligation... Write, Wire or Phone —

American Neckwear Mfg. Co.

Mfrs. of "ADVER-TIES" —

Promotional Neckwear

320 So. Franklin St. Chicago 6, Ill.
Phone WEbster 9-7592



HOT TIN DIPPING

Specializing in quantity production of industrial fabricated parts in steel — copper — brass — Hotel — Restaurant — Dairy — Bakery equipment. Sheets — bars — tubes — pipe — etc.

Lead & special mixture coatings.

Operating largest facilities in the industry.

C. DOERING & SON, Inc.

LAKE & LOOMIS STS.
MOnroe 6-0921

New Products

Temperature Recorder

A self-contained recording thermometer that provides continuous record of temperatures in refrigerated trucks, railway cars, warehouses, ships and retail store units has been placed on the market by the Tagliabue Instruments Division of Western Electrical Instrument Corporation, Newark 5, N. J. Called "Minicorder," the instrument requires no outside power supply, yet records temperatures for up to seven days within limits of -30 degrees F. and 165 degrees F.

Drill Leveling Attachment

Singer Kennedy Corporation, 21 E. Van Buren St., Chicago 5, says its new "Ken-Drill level attachment" makes electric hand drilling at any angle an easy, precise job, because the operator has only to watch the bubble in the level attachment to be sure of a straight hole. The attachment can be mounted on any electric or pneumatic drill by two small screws in the base and adjusted at any angle up to 90 degrees.

Three-Way Bed Warmer

A versatile electric sleeping pad which at the flick of a switch can be set to warm the feet only, the back only, or the entire bed has been introduced by Ettinger Manufacturing Company, 1319 S. Michigan Ave., Chicago. The pad is spread over the mattress like an ordinary mattress pad and then is covered with sheets.

Butter Keeper

"Butterite" is the name given an enameled refrigerator accessory equipped with a thermostatically-controlled element to keep butter at spreadable consistency. The butter container, which can be used in any refrigerator, is a product of Dulane, Inc., River Grove, Ill.

Atomic Decontaminator

Atomlab Company, 489 Fifth Avenue, New York 17, has introduced a product, called "Radiac-wash," which it says will wash away radioactive contamination more quickly and more effectively than any soap or detergent. The prod-

uct has been tested on 200 radioactive isotopes and, according to the company, has proved capable of cutting down contamination before it penetrates the skin. The concentrate is mixed with five parts of water for skin application.

Car Window Derattler

Automobile window rattles and vibrations can be eliminated, according to Rolexco, Inc., Orange N. J., with one of the company's new one-piece rubber repair units. The anti-rattle device slips between the inside buffer strip and the window glass.

Indoor Air Purifier

A new household air purifier called "Air-Tron", which utilizes short wave ultra-violet rays to change oxygen into ozone, "nature's own air freshener," has been developed by Roy C. Stove and Company, 5848 S. Honore St., Chicago. The aluminum unit plugs into an AC outlet and is said to destroy unpleasant odors with electronically produced ozone.

Anti-Fogging Liquid

Wilkins Co., Inc., Cortland 22 N. Y., has introduced what is described as a greatly improved liquid coating to prevent goggles and glasses from fogging and steaming. The liquid, called "Fog-Free," contains silicone and when tested on the glasses of ice-cream plant employees who moved from humid heat to freezing cold is said to have lasted a whole day with one application.

Elevator Cleaning Aid

The usual way to clean an elevator generator is to blow the accumulated carbon and copper dust away under high pressure. This practice, says Lebara Sales Corporation, has several disadvantages because the dust is scattered throughout the machine room creating a major clean-up job as well as a fire hazard. But with Lebara's new "Blo-Vac" Cover, a heavy cotton drill bag that fits over most generators, the dirt can be contained until it is sucked up by a vacuum attachment. The cover has 15 zip-

Tie Clasp
\$10.00* each

More than just a Christmas Gift!
A year-round remembrance in solid sterling

Your Company's "Personal Link" to clients, buyers, supply sources, employees. Here is the perfect gift! Famous Jewelcrest jewelry wrought of heavy sterling, universal symbol of good taste... bearing recipient's very own name to prove that you were thinking just of him. Cuff links, tie clasp, key chain or money clip in sterling quality—smart simplicity—with fine-cut raised lettering. A reflection of your good taste and your company's good will for years to come. Gift packaged, of course, at no extra cost. Quantity prices on request.

You'll want a copy of our new catalog containing over 1500 prize, premium and gift suggestions from Nationally Advertised sources. A request on your company letterhead will bring your copy promptly.

*Plus 20% F. E. T.

D. A. PACHTER CO.
705 W. Washington Blvd.
Chicago 6, Ill.

Jack Jones

Cuff Links \$12.00* pr.

Key Chain \$7.50* each

YOU tell us

- how many dollars your family would need for living expenses if you were not here to provide for them.
- how many dollars you will want for your retirement years

Then Prudential's Dollar Guide service will help you measure your present resources against your needs. Plan your future the Dollar Guide way to be sure it will be completely secure. Call your nearest Prudential Agency today.



THE PRUDENTIAL Insurance Company of America

a mutual life insurance company
HOME OFFICE NEWARK, N. J.
WESTERN HOME OFFICE
LOS ANGELES, CALIF.

bers to accommodate the blower for various parts of the cleaning job as well as the vacuum hose for removing the dust. Lehara's address is 485 Fifth Avenue, New York 17.

Multi-Purpose Utility Drill

A new, lightweight utility drill kit, including a 14-inch drill steel and three assorted-size rock bits, a star drill adapter and 25 feet of air hose, has been placed on the market by Gardner-Denver Company, Quincy, Ill. The self-rotating pneumatic hammer drill weighs only 19 pounds, but can bore through concrete, brick or stone with standard drill steel, and by virtue of a stop-rotation feature can be converted to a lightweight chipping hammer or pick.

Accident Preventer

Rol-Gard Corporation, Fargo, N. D., says tractor turnovers are less likely to occur if a Rol-Gard switch, which automatically turns off the ignition when a tractor starts to tip or roll, has been installed.

Strip Film Attachment

An attachment for 16 mm. projectors that enables strip film to be shown without loss of light or the danger of overheating the film has been introduced by York Industries, 1931 Lansing St., Detroit. The attachment, called "Unoscope," fits the lens opening of most 16 mm. silent projectors. Then, instead of projecting the film over the regular film track, the strip is wound on the Unoscope by a hand-operated feed knob. Separate shots can be held indefinitely.

New Pallet Tiering Method

Conventional wood pallets can be quickly adapted for tiering with a few simple parts, called "Palteam," developed by the Paltier Corporation, 53 W. Jackson Boulevard, Chicago 4. Involved is a pair of tiering horses which can be assembled to any standard three-stringer wood pallet. Four socket assemblies are then secured near the corners of the pallet and, afterwards, posts of any desired length can be fit into these sockets to transform ordinary wooden pallets into stacking pallets. The pallets can later be reconverted to their original form by removing the socket assemblies.

TV, The Fireside Salesman

(Continued from page 17)

vides ample evidence of TV's profit making potential.

A year and a half ago Moran was an inconspicuous Hudson dealer with a showroom in an out-of-the-way section of Chicago. His annual business amounted to about \$800,000 a year, and with sales becoming tougher in a growing buyers' market, Moran began casting about for a new promotional medium. Happily, he chose television, beginning with a one-evening-a-week wrestling show on Chicago's WENR-TV. He was the first auto dealer to sponsor a full-feature TV program, and more than one competitor figured the venture would send Moran's Courtesy Motors into bankruptcy.

They could scarcely have guessed more wrongly. Today, Moran sponsors three TV shows at a cost of \$8,500 a week, making him the biggest local advertiser on television. And, instead of going broke, his business in 1949 boomed to \$5,906,000. In the first six months

of this year sales climbed to \$10,275,000. Moran is now Hudson's biggest dealer with one 31-day record that found him selling 690 new Hudsons and 844 used cars.

Last February, Chicago's Felt and Tarrant Manufacturing Company launched a five-minute, once-a-week program on WENR-TV to promote a two-month Comptometer course. To date the company has been getting a weekly average of 60 phone calls for information on the course and enthusiastic executives have since ordered a series of programs filmed for showings in 10 more TV cities.

A Southern California distributor of Crosley home appliances bumped head on into a sluggish buyers' market late last year and, as a means of perking up sales, interested a dealer in co-sponsoring a television show. Early this year their first sponsored telecast was a 30-minute musical variety show with a three-minute commercial. The dealer, Electra City in Hollywood,

GEORGE M. LORENZ STEEL CO.

MILL & WAREHOUSE DELIVERIES SHEET STEEL

COLD ROLLED STRIP IN CUT LENGTHS & COILS

HOT ROLLED STRIP
H.R. PICKLED STRIP
WELDED TUBING
TIN PLATE

TIN MILL BLACK PLATE
HOT ROLLED ANNEALED

HOT ROLLED PICKLED
AUTO BODY
ROUND EDGING
GALVANIZED SHEETS
BLACK & GALVANIZED
PIPE & TUBING

WE SHEAR OR SLIT TO EXACT SIZE OR BLANK

HA ymarket I-0461

2400 W. MADISON STREET

stayed open until 10 p.m. just in case anyone called up for further information. Actually, the phones did begin to ring immediately after the show and by 10 a.m. the next day Electra City had sold 27 refrigerators, along with quantities of other appliances. Two later shows advertised a more expensive item, \$250 home freezers. The results: 65 freezers sold.

Rich's of Atlanta, the largest department store in the South, was threatened with a virtual standstill during a 37-day transit strike not long ago. As an experiment television broadcasts were begun from a makeshift studio in the store. Mer-

chandise was demonstrated, described, modeled and displayed to homebound housewives. The first telecast jammed the store's incoming trunklines. Today, Rich's has a permanent TV studio from which it telecasts an hour a day, five times a week.

This, however, is only the beginning, according to Maurice B. Mitchell, head of the Broadcast Advertising Bureau of the National Association of Broadcasters, who predicts that 50 per cent of department store advertising dollars will be spent in television within ten years.

No single class of merchandise has sold with more extraordinary success via video than juvenile goods. Small fry, from two years up, have become ardent viewers thereby developing unwavering preferences for advertised products. The merchandising magic of Hopalong Cassidy, the parlor cowboy whose forte is his ability to sell virtually anything to awestruck moppets, is an outstanding example of the mystical magnetism of big name television advertising.

Hopalong's Pull

A University of Oklahoma survey disclosed recently that the cowboy salesman not only rated highest of any TV show in the Oklahoma City area, but also sold record quantities of the sponsor's milk. Significantly, the survey showed that children definitely identified Meadow Gold as the sponsor of the program and asked parents to buy that brand more frequently than any other product advertised on television in Oklahoma City.

Other juvenile programs, even without big name performers, have also sent sponsors' sales soaring. Cocoa Marsh, manufacturers of a chocolate syrup, credit their Magic Cottage TV show on the DuMont network with increasing sales of their product 300 per cent in five months. The success lies partially in the ability of the cast's Pat Meikle to inveigle young viewers into drinking milk flavored with the sponsor's syrup during the show.

Mars, Inc. was inundated with 215,000 candy bar wrappers sent in response to seven offers of a children's "Puncho-Bag" by Howdy Doody on an NBC network show. Earlier, the same show was respon-

sible for building Mason's cocoanut candy bar distribution in New York from nearly zero to 95 per cent. Poll Parrot shoe dealers have received 700,000 requests in person for "Doody Albums" and photographs offered on their NBC network show.

Marshall Field and Company has captured a sizeable young audience with its Uncle Mistletoe in Wonderland program which returned to Chicago TV schedules last September. Uncle Mistletoe started as a whimsical Christmas window dressing at Field's in the pre-holiday season of 1948. Later he was introduced to children on TV, and in no time at all, Field's had enrolled 12,000 children in "Uncle Mistletoe's Kindness Club." An additional 8,000 children, ranging in age from two to 12 years, have joined the club over a period of two pre-Christmas seasons. Uncle Mistletoe, the one-time window dressing, is now a puppet and doll, and this year will be incorporated into greeting cards, coloring books and phonograph records. It is not uncommon to find children visiting Field's toy section asking to see Uncle Mistletoe instead of Santa Claus.

To test the effectiveness of their TV creation, Field's plugged an item on the show that was promoted in no other media. In the toy section the product, latex balloons, was not even in sight. Customers had to come in, ask for them, and even upon arriving at the specified counter, ask for them again, for stocks were stored out of sight. Yet, the item was completely sold out in short time.

TV Problems, Too

As enthusiastic as most advertising men are over the potentialities of TV as a merchandising medium, some point out that there have also been unsuccessful television programs although, understandably, they have not been widely publicized. While many sponsors have switched radio programs to TV, there are those, like one Chicago auto dealer, which have switched from TV to radio.

There are many variables to be considered in evaluating television advertising. A program may not sell because the entertainment does not appeal to the type of audience that buys the advertised product.

MANUFACTURERS

Do You Have An Export Distributor?

We buy here and sell your products abroad. Aggressive foreign coverage assured. This is an established organization able to handle substantial volume. Will finance additional production capacity if necessary.

Write fully — address

COMMERCE MAGAZINE

Box 795, 1 No. LaSalle St.
Chicago 2

Sum Rothien Stern



A RESTAURANT OF UNCHANGING CHARACTER . . .

- ★ Times have changed but not at RED STAR INN, Chicago's famed, quiet, homelike restaurant.
- ★ It reminds one of the OLD WORLD. Since 1899 RED STAR has been a mecca for men and women who relish a real finely cooked meal, served graciously with zesty Wine and beer.
- ★ Among the notables who felt at home here were Julius Rosenwald, Charles Wacker, Oscar Mayer, Carter Harrison, Flo Ziegfeld, and a host of others.
- ★ Visit RED STAR INN—bring the entire family for truly remarkable dining.

CARL GALLAUER, Founder
Whitehall 4-9637

The Red STAR INN

1528 N. CLARK ST.
Corner Germania Place
CHICAGO 10, ILLINOIS

Commercials may be poorly written, poorly timed, or too long. The time of the telecast may even be wrong for the particular product. For example, children's products have been sold most successfully by TV in the hours between five and even.

More than one agency man has cast a questioning eye upon stories telling how TV has sold products. They comment that the sponsor's earlier advertising may have been faulty, not directed to the proper segment of the buying public, or poorly written. In other words, a good selling job by TV may sometimes be attributable to a comparatively inefficient advertising job in other media — or so these authorities hold.

Costly Medium

Another viewpoint is that of Wesley I. Nunn, advertising manager of the Standard Oil Company of Indiana, which has started its second year of sponsorship of two video programs. Says Nunn, "No one of the various advertising media is complete in itself. The value of the printed word and picture is very high. But TV's unique combination of sound, sight, and motion is something ideal even at this stage of development."

Admittedly, TV advertising is no penny-ante business. Colgate's hour-long Sunday night show launching the venerable Eddie Cantor in TV adds up to a cool \$75,000 a week, of which \$50,000 goes for talent and production, \$25,000 air time. Texaco's Milton Berle show comes to \$50,000, Philco Playhouse costs its sponsor \$30,000 a week and Arthur Godfrey's Chesterfield Show, \$30,000.

Under new rate schedules for the Fall, a Class A (6 to 10:30 p.m.) hour on a limited NBC-TV network of 47 stations costs \$20,875; for the total network of 62 stations (including 15 which receive programs by kinescope or film recording), the hour costs \$25,825. CBS charges \$27,000 for a Class A hour on its entire network of 61 stations. NBC radio network costs a little more than TV but it covers more than 150 AM stations.

Locally, a Class A hour on WNBQ-Chicago runs between \$800 and \$1,000 depending on the program frequency, while a Class A hour on WBKB-Chicago (4:59 p.m.

Protecting your

KEY PERSONNEL

Your higher income men need disability benefits more in line with their incomes than is provided by regular group insurance. We are equipped to help you solve this problem and invite further discussion with you on this important subject.

MARSH & McLENNAN

INCORPORATED

INSURANCE BROKERS • CONSULTING ACTUARIES

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Chicago New York San Francisco Minneapolis Detroit Boston Los Angeles Pittsburgh
Seattle St. Louis St. Paul Duluth Indianapolis Portland Superior Cleveland
Buffalo Columbus Phoenix Vancouver Toronto Montreal Havana London

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to sign off) runs between \$740 and \$925.

By another criterion, NBC figures its total network charges at \$3.26 per 1,000 viewers (based on an evening half-hour, plus estimated program and commercial costs). CBS figures its total network charge at \$3.13 per 1,000 sets.

"Per Home" Costs

However, ad men make the point that program costs should be computed on the basis of the total cost of the show — including talent and production expenses — rather than time cost alone. On this basis one New York agency figured last spring that the Texaco show was costing \$12.28 per 1,000 homes reached; Toast of the Town, \$10.27; Philco Playhouse \$13.80; Stop the Music, \$13.09.

Even spot commercials can run into big money. Budgets for a 20-second film spot can run as high as \$2,000 to \$4,000. Modest spot commercials on local stations can be produced for \$100 or \$200. Time cost varies depending on the hour.

While the problem of cost has made many an advertiser stop and wonder about TV advertising,

there are other problems to be considered. What is good television time for a given product and what kind of a show will do the sales prestige job desired? At this stage in TV development, successful programs are still largely a matter of chance.

TV stations do, however, have some advertising headaches. Some have had their fingers burned when they sold time to mail order firms which sell merchandise by the old medicine man technique. A famous talking pitchman, wedged between reels of a bewhiskered movie, speels forth several minutes of gibberish extolling a \$1 item and winds up exhorting viewers to write or phone the station instantly for his red hot offer. The technique is by no means ineffective, for TV stations have received as many as 50,000 orders a week for the promoted merchandise. However, when some stations discovered that only about half the orders were actually being filled, edicts were promptly issued against such abuses. One Chicago TV station now stipulates that firms selling this type of merchandise retain the nationally-respected Reuben H. Donnell Corporation to receive and fill all orders with merchandise supplied by the advertiser.

Overseas TV?

With all its unanswered questions, stumbling blocks, headaches and ulcers, the mere mention of TV still brings a warm glow into the eyes of advertising men. When the time comes that the domestic market is saturated with TV programs virtually around the clock, advertisers will still have another frontier — Europe. Leaders in the industry like General Sarnoff, board chairman of Radio Corporation of America, are talking — and not too dreamily — of transoceanic television, either by coaxial cable or airplane relay.

Someday, in addition to hearing uninspired commercials from the "mad" men, "angels" and other denizens of automobile rows, American televisioners conceivably will have a chance to observe the war of "Pierre the Dashing Frenchman", a cooking demonstration involving "Yorkshire Pudding Mix" or even a dash of Riviera night life.

STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946 (TITLE 39, UNITED STATES CODE, SECTION 233) SHOWING THE OWNERSHIP, MANAGEMENT, AND CIRCULATION

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2. The owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated firm, its name and address, as well as those of each individual member, must be given.) The Owner: The Chicago Association of Commerce and Industry, 1 N. La Salle Street, Chicago, Ill.; President, Harvey Ellerd, 1 N. La Salle Street, Chicago, Ill.; Executive Officer, Leverett Lyon, 1 N. La Salle St., Chicago, Ill.

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(Signed) ALAN STURDY, Editor.

Sworn to and subscribed before me this 11th day of October, 1950.

(Seal) (Signed) VORIS D. SEAMAN.

(My commission expires September 11, 1952.)

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previous month to be inserted under proper
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 Salle Street—Chicago, Illinois.

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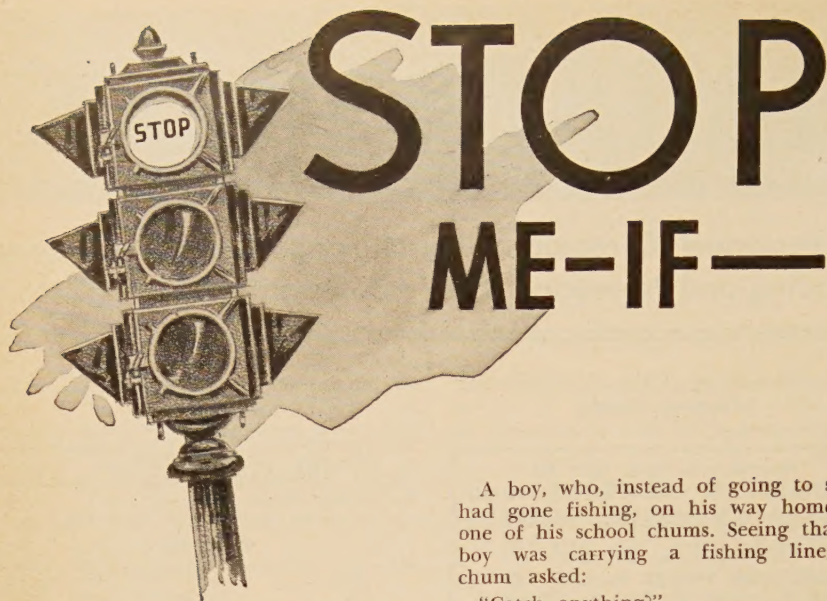
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The old farmer was dozing in the shade of his front porch, when a high-pressure salesman hustled up the front walk and awakened him with a cheery "Good Afternoon." He had a sample book of a 10-volume set of scientific agriculture he was selling.

The old farmer was at length persuaded to page through the specimen volume.

"Nope," he objected, "ain't got no use for it."

"But you ought to have it," the salesman insisted. "It will teach you to farm twice as good as you do now."

"Nope, son," barked the ancient agriculturist. "I don't farm half as good now as I know how."

"What is the defendant's reputation for veracity?" asked the Judge.

"Your honor," said the witness, "I have known him to admit that he had been fishing all day and hadn't gotten a single bite!"

Inspecting Officer—"Do your underclothes fit you satisfactorily, sailor?"

Boot—"The undershirt is okay, sir, but the shorts are a little snug under the armpits."

A prof was delivering the last lecture of the term. He told his students that he expected them to devote all their time to preparation for the final examination. "The examination papers are now in the hands of the printer," he concluded. "Now, is there any question you would like answered?"

Silence prevailed for a moment; then a voice piped up: "Who is the printer?"

Shocked by the language used by two workmen repairing telephone wires close to her home, a spinster reported the matter to the company. The foreman in making his report on the incident wrote:

"Me and Bill Smith was on the job. I was up the pole and let some hot lead fall and it went down Bill's neck. He said, 'You really must be more careful, Harry,' and I said, 'Indeed I must, Bill. I will see that it doesn't happen again.'"

A boy, who, instead of going to school had gone fishing, on his way home met one of his school chums. Seeing that the boy was carrying a fishing line, the chum asked:

"Catch anything?"

"No," replied the boy, "I ain't been home yet."

1st Old Maid—"I love soldiers."

2nd Old Maid—"Oh, you say that every war!"

The three-year-old and his father were toward the back of the quickly filling elevator when a kindly woman turned to the Dad and said, "Aren't you afraid your little boy will be badly smashed?"

"Not a chance, lady," answered Daddy. "He bites."

A panhandler was seen standing on the corner holding a hat in each hand. A stranger approached and asked what was the idea of two hats.

The bum grinned and replied, "Business has been so good that I've opened a branch office."

"So you're a young man with both feet on the ground, eh? What do you do for a living?"

"I take orders from a man with both feet on the desk."

...

A young lady was on a sight-seeing tour of Detroit. Going out Jefferson Avenue the driver of the bus called out places of interest.

"On the right," he announced, "we have the Dodge home."

"John Dodge?" the lady asked.

"No, Horace Dodge."

Continuing out Jefferson. "On the right we have the Ford home."

"Henry Ford?"

"No, Edsel Ford."

Still farther out on Jefferson: "On the right we have the Christ Church." Hearing no response, a fellow passenger tapped the young woman on the shoulder and said, "Go ahead, lady, you can't be wrong at this time."

...

Customer—"I want to buy a plow."

Clerk—"Sorry, we have no plows."

Customer—"This is a heck of a deal for a store!"

...

Sue: "When did you first know you loved me?"

Johnnie: "When I began to get mad at people who said you were brainless and homely."

...

Daughter: "Father, can my boy friend replace your business partner that collapsed last night?"

Father: "It's all right with me—if you can arrange it with the undertaker."

...

He: "Why do you weep and snuffle over a picture show over the imaginary world of people you never met?"

She: "Same reason why you scream and yell when a man you don't know slides into second base."



"Look at that beautiful sight, Clancy — all them lovely bare limbs stark naked against the autumn sky — not another goddam leaf anywhere!"